

Launching Of Shuttle Aborted at Takeoff

By Howard Benedict
The Associated Press

CAPE CANAVERAL, Florida — The delayed debut of the space shuttle Discovery was aborted just seconds before liftoff Tuesday morning when computers detected questionable fuel valve and topped the engine firing in midsequence.

It was one of the more agonizing cancellations in U.S. space history, with a flight crew of five men and one woman sitting atop 500,000 gallons (nearly 2 million liters) of volatile fuel.

Two of Discovery's three main engines actually fired before receiving the shutdown command, and their ignition started a small gas fire at the base of the rocket. The fire was quickly extinguished while officials nervously watched the pressure of the main fuel tanks. Officials with the National Aeronautics and Space Administration said the flight crew was never in direct danger.

Several hours later, officials estimated privately that it could be several weeks before another attempt would be made to launch Discovery.

The crew told George Abbey, director of flight crew operations, that there were a few anxious moments when the engines shut down, at Mr. Abbey said. "They had no feeling of danger. They were in contact with the [launch] conductor, and they knew what was going on at all times."

Technicians struggled to find and fix the problem with the fuel valve. One of the shuttle indicators showed a problem with the valve, while another indicated no trouble. The cancellation Tuesday morning was the second in as many days that was not related to Monday's problem — a bad computer that was replaced and operating Tuesday.

After a smooth, overnight countdown, the short sequence went like this:

On schedule, just before 8:43 a.m., Discovery's first engine started, then the second, 120 milliseconds apart. Before the third engine started, a launch computer gave an alarm signal for a fuel valve and gave the command to shut down.

One of the engines had not been started. The others closed down immediately, and NASA said there was no physical damage to the shuttle despite the small fire. The engine that did not fire was thrown earlier this month from the ship Challenger. The fuel valve was located on the first firing line.

"We had a clear go, and we were all under way" when the signal for a suspect valve was received, said Thomas Utman, the shuttle operations director.

The shuttle engines, which cost \$7 million each, are designed to fire seven seconds before liftoff, allowing the spacecraft to reach full thrust before steel hold-down pins are blown to release the shuttle. Not since 1965 has an American spacecraft come so close to liftoff only to be aborted. Gemini 6 shut down two seconds before liftoff after a second engine.

A NASA spokesman had estimated Monday that each day's downtime would cost \$1.5 million. \$2 million, but Mr. Utman said cost might not be that high. "I feel it's in the several days' category," Mr. Utman said of the day before attempting another launch. It could be as long as two weeks, he added.

Asked about the possibility of astronauts making an emergency exit from Discovery, Mr. Utman said, "We considered it, but never saw the data that would make this necessary. Discovery's commander is Henry W. Hartsfield Jr. The all-rookie crew includes Charles D. Walker, payload specialist; Michael L. Smith, the pilot, and Dr. Judith A. A. Smith, Dr. Steven A. Hawley and astronaut Colonel Richard M. Mullane, the mission specialist.

For the second straight day, the members waited out the countdown for three hours while on their backs in Discovery's launch pad.

Mr. Utman said that launch controllers carefully monitored a tank pressure to make sure it would not create an explosion that would have endangered the shuttle.

"It has been a year that has not been without difficulty," Mr. Utman said. He was referring not only to Discovery delays, but also to several satellites that failed to leave working orbits when their external rockets misfired after shutdown.

Engine trouble plagued Discovery's third ship in NASA's shuttle program this month. The No. 1 engine was replaced with one in Challenger after a fuel cell shield became loose. That used a three-day delay in the final launch date, which was June 22.



Gary Hart, left, and Walter F. Mondale declared their friendship after a meeting Tuesday in New York.

Mondale and Hart Meet, Pledge Unity

By Milton Coleman
Washington Post Service

NEW YORK — Walter F. Mondale and Gary Hart, bitter rivals for the Democratic presidential nomination, met Tuesday and emerged saying they were "of one mind" as Democrats determined to block President Ronald Reagan's reelection.

The meeting, which lasted 90 minutes at a New York City Manhattan East Side, was the first between the two since Mr. Mondale claimed the nomination June 6, the day after the final round of primaries.

Both men said they had not apologized for sharp criticism during the campaign, which Mr. Mondale described as "one of the most boisterous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

Mr. Mondale said, "This cannot happen, and we are of one mind in our commitment to see that it does not." "If the Republicans and Mr. Reagan were betting on a divided Democratic Party, they can forget it," said Mr. Mondale. "The things that divide us are modest compared to things that divide the two of us from Mr. Reagan."

The meeting was arranged with the help of Senator Edward M. Kennedy, Democrat of Massachusetts, who publicly endorsed Mr. Mondale on Monday.

While agreeing to the meeting, Mr. Hart dropped his threatened credentials challenge to about 600 Mondale delegates, who he said during the campaign may have been elected improperly.

Mr. Mondale, for his part, said he would support several of the Colorado senator's proposed changes to delegate selection rules for 1988.

Both agreed to lower the minimum number of votes required to earn delegates in each congressional district. The Rev. Jesse L. Jackson, the third candidate, also has complained about this provision.

A Mondale staff report says his running mate should be Tom Bradley, a black mayor. Page 3.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

Mr. Mondale said, "This cannot happen, and we are of one mind in our commitment to see that it does not." "If the Republicans and Mr. Reagan were betting on a divided Democratic Party, they can forget it," said Mr. Mondale. "The things that divide us are modest compared to things that divide the two of us from Mr. Reagan."

The meeting was arranged with the help of Senator Edward M. Kennedy, Democrat of Massachusetts, who publicly endorsed Mr. Mondale on Monday.

While agreeing to the meeting, Mr. Hart dropped his threatened credentials challenge to about 600 Mondale delegates, who he said during the campaign may have been elected improperly.

Mr. Mondale, for his part, said he would support several of the Colorado senator's proposed changes to delegate selection rules for 1988.

Both agreed to lower the minimum number of votes required to earn delegates in each congressional district. The Rev. Jesse L. Jackson, the third candidate, also has complained about this provision.

A Mondale staff report says his running mate should be Tom Bradley, a black mayor. Page 3.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

Mr. Mondale said, "This cannot happen, and we are of one mind in our commitment to see that it does not." "If the Republicans and Mr. Reagan were betting on a divided Democratic Party, they can forget it," said Mr. Mondale. "The things that divide us are modest compared to things that divide the two of us from Mr. Reagan."

The meeting was arranged with the help of Senator Edward M. Kennedy, Democrat of Massachusetts, who publicly endorsed Mr. Mondale on Monday.

While agreeing to the meeting, Mr. Hart dropped his threatened credentials challenge to about 600 Mondale delegates, who he said during the campaign may have been elected improperly.

Mr. Mondale, for his part, said he would support several of the Colorado senator's proposed changes to delegate selection rules for 1988.

Both agreed to lower the minimum number of votes required to earn delegates in each congressional district. The Rev. Jesse L. Jackson, the third candidate, also has complained about this provision.

A Mondale staff report says his running mate should be Tom Bradley, a black mayor. Page 3.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

Mr. Mondale said, "This cannot happen, and we are of one mind in our commitment to see that it does not." "If the Republicans and Mr. Reagan were betting on a divided Democratic Party, they can forget it," said Mr. Mondale. "The things that divide us are modest compared to things that divide the two of us from Mr. Reagan."

The meeting was arranged with the help of Senator Edward M. Kennedy, Democrat of Massachusetts, who publicly endorsed Mr. Mondale on Monday.

While agreeing to the meeting, Mr. Hart dropped his threatened credentials challenge to about 600 Mondale delegates, who he said during the campaign may have been elected improperly.

Mr. Mondale, for his part, said he would support several of the Colorado senator's proposed changes to delegate selection rules for 1988.

Both agreed to lower the minimum number of votes required to earn delegates in each congressional district. The Rev. Jesse L. Jackson, the third candidate, also has complained about this provision.

A Mondale staff report says his running mate should be Tom Bradley, a black mayor. Page 3.

terous nominating processes in American history."

Mr. Hart insisted that he would continue efforts "to give the party positive options" at the Democratic National Convention, which begins July 16 in San Francisco. But there was no discussion Tuesday of a ticket including Mr. Mondale and Mr. Hart, the two said.

The meeting was accompanied by further agreement among representatives of both candidates on party election rules and procedures for this year and 1988.

The dominant themes in both men's remarks were party unity, improved feelings toward one another and words of warning for Mr. Reagan.

"We have agreed, not only today, but prior to today, to do everything within our power to see that Ronald Reagan does not have a second term in the White House," Mr. Hart said.

EC Leaders Agree To Reduce British Budget Payment

By Axel Krause
International Herald Tribune

FONTAINEBLEAU, France — After four years of bitter dispute, the 10 European Community leaders agreed Tuesday to reduce Britain's contribution to the EC budget for the next three years. A spokesman for Prime Minister Margaret Thatcher described the accord as a "good deal for Britain."

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

ment on the British contribution, Mrs. Thatcher said, "I would have liked to have gotten more, but we faced the prospect of no refund for 1983, this year, the next year or the year after."

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

The agreement, designed to answer British complaints of unfairness, may have to be renegotiated within several years when the EC moves to expand its financial resources. The accord establishes a mechanism for payment of net contributions to the EC budget based on a member country's relative economic prosperity.

Since 1979, Mrs. Thatcher has been seeking a "lasting solution" to the discrepancy between Britain's position as the EC's second most important net contributor, after France.

West German Strikers Study Compromise Plan

The Associated Press

LUDWIGSBURG, West Germany — The chief mediator in the West German metalworkers' dispute suggested on Tuesday a compromise 38.5-hour workweek starting next April 1 to end the conflict, now in its seventh week, that has idled 400,000 workers.

Both sides reacted with cautious optimism. IG Metall, the metalworkers' union and West Germany's largest labor group, accepted earlier this month a management proposal for impartial mediation to end the strike.

Outlining his proposal Tuesday morning after an all-night bargaining session, Georg Leber, a former Social Democrat defense minister and union leader, said he recommended that a new contract reducing the current 40-hour workweek should run at least until Oct. 1, 1986.

An eight-man panel representing the metalworkers' union and the metal industry employers met Tuesday evening to discuss the proposal and then recessed to meet separately with their advisers. Panel members agreed to meet again Wednesday morning.

Mr. Leber's proposal would need the unanimous approval of the mediation panel before it could be considered a breakthrough. After the recess was called, Mr. Leber said: "It is good that both sides want to discuss it with their leaders to take a fundamental look at the proposal."

A union spokesman said: "IG Metall cannot pass over the offer." And a spokesman for the employers said of the compromise: "Management negotiators 'lean toward yes' more than toward 'no.'"

Mr. Leber's plan envisions a 3.3 percent wage increase effective next month and running through next March 31, when the 1.5-hour cut in the workweek would go into effect.

In addition, all employed metalworkers would receive a one-time payment of 250 Deutsche marks (\$89.28) as compensation for the period since the industry's old wage contracts expired on Jan. 31 this year.

To preserve wage levels in a shorter workweek, Mr. Leber proposed a 3.9 percent compensatory raise from April 1, 1985. He also suggested a 2 percent wage boost on the same date for the length of the new contract.

Employers previously ruled out the union's demand for a 35-hour workweek at the same pay, saying it would boost costs up to 20 percent and price West German goods out of export markets.

IG Metall had proposed a 35-hour week without pay cuts as a formula for creating new jobs and putting half of West Germany's 2.1 million unemployed back to work.

Management's counteroffer of a 38-hour week for night-shift workers was rejected by the union, which said only about 15 percent of the 2.5 million members would benefit.

If mediators approve Mr. Leber's plan, the metalworkers' union would ask members in Baden-Württemberg and Hesse states to vote to end strikes they started on May 14. The vote would take at least several days.

About 58,000 metalworkers are on strike in the two states. The strike, the biggest in postwar West Germany, has paralyzed the West German automobile industry and related industries. By late last week, the strike had cost the metal industry 9 billion Deutsche marks in lost production, the employers' association said.

Like Mr. Leberinguer he is an intellectual whose commitment to the working class, the Communist Party's constituency, is political and ideological rather than from personal experience. "He has never held a screwdriver in his hand," a journalist in Rome said recently.

According to the weekly Europa, Mr. Natta not only does not shrink from taking responsibility

(Continued on Page 2, Col. 5)

Marcos Says Insurgents Hold Mindanao Towns

United Press International

MANILA — President Ferdinand E. Marcos asserted Tuesday that some towns in the southern Philippines were under rebel control.

Mr. Marcos, in a speech to ruling party members elected to parliament last month, said he was shocked by the insurgency on the island of Mindanao.

"I don't mean to alarm you, but within the leadership we are all aware there has been an increase in the strength of the Communist Party of the Philippines," he said. "Mindanao is in a state of anxiety."

Mr. Marcos declared martial law in 1972, citing a growing Communist rebellion and leftist and rightist conspiracies to overthrow his regime. Martial law was lifted in 1981.

"It is very difficult for me to admit this, but I am shocked by the manner in which they have proliferated," Mr. Marcos said, referring to the military arm of the Communist party, the New People's Army.

At least 25 persons have been shot and killed here by a special government anti-crime force since its reactivation last week on the orders of Mr. Marcos. The group was disbanded two years ago following criticism in the Philippines and abroad.

When it was created, the force, called secret marshals, killed at least 32 alleged criminals in three months before the government called a halt to its work.

Much of the criticism surrounding the revival of the force — from the Philippine press, students and civil rights groups — has centered on questions of due process and the prospect that the secret marshals could be turned against political foes of Mr. Marcos.

The president has defended the marshals, contending that most Filipinos favor them and that the only objections come from "busybodies" seeking issues to use against his government.

In response to public concerns, authorities said Sunday, a panel has been created to investigate the shootings. It will look into the backgrounds of those killed to dispel doubts about the credibility of the secret marshals, police said.

Mr. Marcos told reporters Saturday that an opinion survey he had ordered on attitudes toward the marshals had shown that "people want them to stay." He said that students were "gratified" by their presence.



Leaders of the European Community gathered Tuesday at Fontainebleau. From left: Andreas Papandreu of Greece, Poul Schlüter of Denmark, Pierre Werner of Luxembourg, Garret FitzGerald of Ireland, Margaret Thatcher of Britain, François Mitterrand of France, Bettino Craxi of Italy, Rijkman Groenendaal of the Netherlands, Wilfried Martens of Belgium, Helmut Kohl of West Germany and Gaston Thorn of the European Commission.

EC's Next Hurdle: Avoiding a Deficit

Agreements Fail to Resolve Problem of Funds This Year

By Bob Hagerty
International Herald Tribune
Fontainebleau, France — Tuesday's agreements do not mean that the European Community's money problems are over.

One question left unresolved is how the community will avoid running out of money later this year.

Citing higher-than-expected spending to prop up farm prices, the European Commission, the EC's executive arm, has estimated that revenue will fall short of spending by 2.33 billion European Currency Units (ECU) in 1984 and by 1.91 billion ECU next year. The problem will face the EC budget council when it meets July 18 in Brussels.

As one possible solution, the commission proposed in April that the EC borrow about enough to fill the budget gap from the central banks of EC members this year, paying interest at market rates.

That idea, however, so far has met with a cool response, particularly from Britain, West Germany and the Netherlands, the strongest supporters of controlled spending.

Other products imported by EC members from outside the community. The other half comes from value-added taxes. EC countries pay 1 percent of the total annual sales of a standardized basket of goods and services.

The EC council of ministers has approved an increase in the community's receipts from the value-added tax to 1.4 percent, starting in 1984. The figure could be raised further in 1985 if all members agree.

The commission had argued for an increase to 2 percent. Disappointed commission officials say that the rise to 1.4 percent leaves little room for new projects. Most of the increased revenue, they say, will go to pay for the 1984 and 1985 budget deficits, provide refunds to Britain for its excess contributions and cover the costs of bringing Spain and Portugal into the community, events tentatively scheduled for Jan. 1, 1986.

"So practically the community has already eaten up the supplementary resources that it has agreed to give itself," a commission spokesman said.

Besides Saudi Arabia, the other council members are Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. The grouping was established three years ago to promote closer economic and military ties, following the Iranian revolution and the outbreak of the Iraq-Iran war.

The chiefs of staff ruled out other possible ways to protect Gulf shipping, including naval escorts and moving shipping lanes closer to the Saudi coast within range of shore batteries, the officials said. But council members also agreed to strengthen ground-based, anti-aircraft defenses and coastal artillery batteries.

The air patrols, flown mainly by F-15 fighters in groups of two or three, are being supported by U.S. Air Force Airborne Warning and Control System aircraft, which can spot hostile aircraft from afar. These AWACS have been on loan to Saudi Arabia since the early stages of the Iraq-Iran war.

In their only armed clash with the Iranian Air Force so far last June 5, Saudi F-15s shot down one Iranian Phantom jet.

The United States is providing information gathered by its AWACS to Saudi Arabia and Kuwait, but may extend this to other Gulf states.

Saudi Arabia, with 185 combat aircraft, has by far the largest air force in the region. Bahrain has no warplanes, but Kuwait, the United Arab Emirates and Oman each has a small air force. The six council states have a total of about 300 combat aircraft, far more than the estimated 70 Phantoms which Iran

Ex-Leader of Costa Rica Backs Strong U.S. Stand In El Salvador Conflict

By Joanne Omang
Washington Post Service

ESCAZU, Costa Rica — José Figueres, the architect of Costa Rica's unarmed neutrality and a sharp critic of U.S. policy in Nicaragua, nevertheless supports President Ronald Reagan's approach to the conflict in El Salvador. A strong U.S. role, he said in a recent interview, is El Salvador's only hope.

Mr. Figueres, who is 77, left his coffee plantation in 1948 to lead guerrillas in the overthrow of a conservative government that had refused to hand over power after it lost an election. Eight months after taking power, he dissolved his 5,000-man army and in 1949 he turned the government over to the man who had won the earlier election. He himself was elected president in 1953 and again in 1970.

Mr. Figueres, who has an engineering degree from Massachusetts Institute of Technology, defeated three efforts by the dictatorship of President Anastasio Somoza in neighboring Nicaragua to overthrow him.

He repeatedly called for an end to U.S. backing of undemocratic rule in the area. "Your hands are not clean to fight communism when you don't fight dictatorship," he told U.S. interviewers in 1951. "It seems that the United States is not interested in honest government down here, as long as a

government is not communist and pays lip service to democracy."

Such views made him a backer of the leftist revolution in Nicaragua; his son fought on the side of the Sandinistas, who used the Figueres estate in Costa Rica as a base.

Now, however, Mr. Figueres is "very happy with what the U.S. is doing in El Salvador," he said at his home in this San José suburb. "It's just what your role should be in this region."

Mr. Figueres said he welcomed the alleged CIA help to President José Napoleón Duarte of El Salvador in his election in May. Mr. Duarte, "a social democratic without capital letters," can rally the European and Latin moderate left to pressure Salvadoran guerrillas into talks, Mr. Figueres said.

Mr. Duarte has a chance of convincing the Sandinistas in Nicaragua that they should hold genuinely free and honest elections in November. Mr. Figueres continued, and thus of bringing peace to the region. "This is the moment to get the Sandinistas and the Christian Democrats from El Salvador together," he said. The Sandinistas have called Mr. Duarte a U.S. puppet.

Mr. Figueres continues to oppose U.S. support of an anti-Sandinista rebels as a way of forcing Nicaragua to change its ways. "It was very, very wrong... it is like coming to a sick child in bed and de-

manding he get up and work hard like a strong man."

"The Sandinistas are afraid because of what they have brought on themselves" with socially repressive policies, "and the United States is afraid because it sees more and more unrest here, and more and more guerrillas coming. Now is the time to talk," Mr. Figueres said.

"This is what I have worked for for 50 years: liberty with bread and reform. I respect the [Salvadoran] guerrillas, but they are wrong. I was a guerrilla myself, and I hated it. We only did it because we had to; there was no democratic way," he said.

Mr. Figueres said he was inspired to disarm Costa Rica by H.G. Wells' "Outline of History," which he read in 1920 while at MIT. "The future of mankind cannot include armed forces. Police, yes, because people are imperfect," he said. Costa Rica has no army and maintains a 7,500-member national police force for a population of 2.3 million.

Mr. Figueres said he was inspired to disarm Costa Rica by H.G. Wells' "Outline of History," which he read in 1920 while at MIT. "The future of mankind cannot include armed forces. Police, yes, because people are imperfect," he said. Costa Rica has no army and maintains a 7,500-member national police force for a population of 2.3 million.

Mr. Figueres said he was inspired to disarm Costa Rica by H.G. Wells' "Outline of History," which he read in 1920 while at MIT. "The future of mankind cannot include armed forces. Police, yes, because people are imperfect," he said. Costa Rica has no army and maintains a 7,500-member national police force for a population of 2.3 million.

Mr. Figueres said he was inspired to disarm Costa Rica by H.G. Wells' "Outline of History," which he read in 1920 while at MIT. "The future of mankind cannot include armed forces. Police, yes, because people are imperfect," he said. Costa Rica has no army and maintains a 7,500-member national police force for a population of 2.3 million.

Mr. Figueres said he was inspired to disarm Costa Rica by H.G. Wells' "Outline of History," which he read in 1920 while at MIT. "The future of mankind cannot include armed forces. Police, yes, because people are imperfect," he said. Costa Rica has no army and maintains a 7,500-member national police force for a population of 2.3 million.

WORLD BRIEFS

4 Die in Artillery Clash in Beirut

BEIRUT (AP) — Four people were killed and 16 injured during the night in artillery battles in the hills and suburbs surrounding Beirut, police said Tuesday.

The fighting broke out shortly after General Michel Aoun, 49, a Maronite Christian, took over command of the Lebanese Army from Major General Ibrahim Tannous on Monday. General Tannous, also a Maronite, had been accused of having an anti-Muslim bias. Around the town of Sunk el-Gharb, where the Lebanese Army has a garrison, fighting between army troops and Druse militiamen was particularly heavy.

Meanwhile, the UN Relief and Works Agency, which coordinates relief activities for Palestinian refugees, disclosed that two of its staff — one British, the other Irish — left Lebanon on June 19 after a letter was found threatening their lives. The agency warned that further problems could force it to close its Beirut operations.

Killings Reported in Kabul Factions

NEW DELHI (UPI) — Afghan rebels stepped up attacks on Soviet occupation troops this week as factional tensions within the Kabul government escalated into an outbreak of assassinations, Western diplomats said Tuesday.

The Soviet Union and its Afghan allies still were able to tighten their grip on the strategic Panjshir Valley despite the return of the guerrilla leader, Ahmad Shah Massoud, according to Afghan sources quoted by the diplomats in New Delhi.

In Kabul, a diplomat said at least seven Afghan government officers, including a full colonel, were killed in "a surge in assassinations." "Evidence is growing that many of these assassinations are not the work of the resistance, but the result of a recent increase of friction" between factions of the Afghan government, he said.

UNESCO Chief Hopes U.S. Won't Quit

DALLAS (UPI) — The director general of the United Nations Educational, Scientific and Cultural Organization expressed hope that the United States would reconsider its decision to withdraw from the international group.

"I don't believe, subjectively, that an empty chair policy at an international organization would be positive," Amadou Mahtar M'Bow said Monday at the American Library Association's national convention. He said he issued a *manifesto* for reform of UNESCO long before the withdrawal announcement and hoped that expected reforms would convince the United States to retract its decision.

The U.S. State Department has announced its intention to withdraw from the 161-member organization at the end of this year and cited UNESCO's unrestrained spending, poor management and policies hostile "toward the basic institutions of a free society" as reasons for the decision.

Turkish Inmate Dies in Hunger Strike

ISTANBUL (AP) — A suspected terrorist who had been on a hunger strike since April 11 has died at a military hospital here, the man's lawyers reported Tuesday.

Hasan Teli, 27, a member of the outlawed leftist organization Dev-Yol (Revolutionary Way), died Saturday, said the lawyers. Authorities have said that 10 leftist prisoners starved to death in Turkish jails early this month, but no details were given. The lawyers said that 22 leftist inmates in military prisons had been on a hunger strike since April 11 and that 500 other prisoners had joined the fast in the last week.

Railroad Workers in London to Strike

LONDON (Reuters) — British railroad workers said Tuesday that they planned to shut down London's main train stations Wednesday in support of striking coal miners. The action, planned for 24 hours from midnight Tuesday, would affect rail lines throughout the country.

"The capital will be brought to a halt," said Vernon Hince, assistant general secretary of the National Union of Railwaymen. Many workers in the city's extensive subway network were also expected to join the protest. The planned walkout would be part of a day of action sponsored by the Trades Union Congress, the largest grouping in British organized labor, to show sympathy with miners in their strike against job and production cuts.

Aquino Panel Hears Prime Minister

MANILA (AP) — Prime Minister Cesar Virata of the Philippines, the highest government official yet to testify about the assassination last August of the leading opposition figure, Benigno S. Aquino Jr., said Tuesday it was wrong to rule out involvement by anyone in the government of President Ferdinand E. Marcos.

Mr. Virata, testifying before a board investigating the murder of Mr. Aquino, said he knew of no specific government figure who wanted Mr. Aquino killed but added that the possibility could not be ruled out. "We all should be subject to investigation," Mr. Virata said.

Mr. Virata had been called to testify to the panel, which plans to end its investigation next week, because he had been quoted as saying after the assassination that someone in the government could be involved. The alleged assassin, Rolando Gelmán, who was described by the government as a criminal and Communist guerrilla, was shot to death shortly after Mr. Aquino was killed at Manila airport on his return from three years of self-imposed exile.

Golden Temple Closed by New Delhi

NEW DELHI (AP) — Authorities closed the Golden Temple of Amritsar Tuesday to maintain peace in the Sikh's holiest shrine, while two persons were reported killed in continuing violence in Punjab state. The temple was closed only one day after it had reopened for the first time since June 6, when army troops stormed the complex to flush out Sikh extremists. It was not clear exactly what prompted the decision to close the temple, although the United News of India reported that authorities may have been uncertain of their ability to control the large crowds.

Meanwhile, Press Trust of India, India's other news agency, reported that the CIA was "actively involved" in training terrorists in Pakistan to create strife in Punjab. The U.S. Embassy called the report "completely false and without foundation."

East German Tries to Immolate Self

BERLIN (UPI) — An East German man set himself on fire Tuesday in front of the West German mission in East Berlin only hours after the Bonn government announced it would no longer allow refugees to seek asylum in the building.

Officials said the man, believed to be between 25 and 30, poured gasoline over himself and ignited it. Members of the West German mission immediately doused the flames and brought the victim into the building for first aid, the sources said. His condition was not known, and no details were available.

The West German announcement that East Germans would be barred from seeking asylum at the mission did not apply to about 50 refugees already inside.

For the Record

Ireland's Supreme Court Tuesday blocked the extradition of a terrorist suspect, Philip James McMahon, 35, who escaped from a Northern Ireland court, saying his offense was political. It was the first time Ireland's highest court had ruled in favor of a prisoner from Northern Ireland since Dominic McGlinchey, leader of the outlawed Irish National Liberation Army, was extradited from the Republic in March. (UPI)

Agosta has declined not to take part in this year's Olympic Games in Los Angeles, the official Agosta news agency said Tuesday. (Reuters)

Members of Japan's labor union began an eight-day sit-in in front of Kaduna U.S. Air Force Base on Okinawa, the southern Japanese island, Tuesday, to protest the deployment of Tomahawk missiles on U.S. Navy ships. Kyodo News Service reported. (AP)

A Bulgarian diplomat was told to leave Belgium earlier this month for purported industrial espionage, a Justice Ministry source said Tuesday. The source said Tzvetan Christov Chikhanov, 57, the first secretary at the Bulgarian Embassy's trade section, left Belgium on June 8 because of "activities incompatible with his diplomatic functions." (AP)

Charles Z. Wick, the director of the U.S. Information Agency, will not be criminally prosecuted for secretly tape-recording telephone conversations with a U.S. senator and a Los Angeles Times reporter, the Los Angeles County Grand Jury ruled Monday. (LAT)

An Iranian airliner, hijacked on a domestic flight, refueled in the Gulf state of Qatar Tuesday as the hijackers demanded to be flown to political asylum in France, the Iranian news agency reported. The two hijackers seized the plane just before it landed at the Iranian port of Bandar, but allowed all 142 passengers and six of the crew to leave the plane in Qatar. (Reuters)

All Sutorija was elected Tuesday to the presidency of the Yugoslav Communist Party, the state-run Tanjug news agency reported. Mr. Sutorija, 64, from the predominantly Albanian Kosovo province, replaces Dragoslav Markovic of Serbia. (AP)

Pakistan and Indian troops clashed earlier this month in the Himalayas, leaving at least one Indian soldier dead in a battle over key border positions, a Defense Ministry spokesman in New Delhi said Tuesday. (UPI)



José Figueres

Saudis Fly Almost Nonstop Patrols To Protect Shipping in Western Gulf

By Paul Lewis
New York Times Service

BAHRAIN — The Saudi Arabian Air Force is now flying almost continuous patrols over the western Gulf to protect oil tankers against possible Iranian attacks, Arab officials said Tuesday.

Final details of an air cover plan were worked out by chiefs of staff from the six member countries of the Gulf Cooperation Council at a meeting in Saudi Arabia last weekend, the officials said.

Besides Saudi Arabia, the other council members are Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. The grouping was established three years ago to promote closer economic and military ties, following the Iranian revolution and the outbreak of the Iraq-Iran war.

The chiefs of staff ruled out other possible ways to protect Gulf shipping, including naval escorts and moving shipping lanes closer to the Saudi coast within range of shore batteries, the officials said. But council members also agreed to strengthen ground-based, anti-aircraft defenses and coastal artillery batteries.

The air patrols, flown mainly by F-15 fighters in groups of two or three, are being supported by U.S. Air Force Airborne Warning and Control System aircraft, which can spot hostile aircraft from afar. These AWACS have been on loan to Saudi Arabia since the early stages of the Iraq-Iran war.

In their only armed clash with the Iranian Air Force so far last June 5, Saudi F-15s shot down one Iranian Phantom jet.

The United States is providing information gathered by its AWACS to Saudi Arabia and Kuwait, but may extend this to other Gulf states.

Saudi Arabia, with 185 combat aircraft, has by far the largest air force in the region. Bahrain has no warplanes, but Kuwait, the United Arab Emirates and Oman each has a small air force. The six council states have a total of about 300 combat aircraft, far more than the estimated 70 Phantoms which Iran

is still believed to have in working order.

Iran has sent its planes to attack tankers sailing to Saudi Arabia and Kuwait on several occasions in recent weeks and is threatening to halt all oil exports from the Gulf by closing the Strait of Hormuz, in retaliation for Iraqi raids against tankers calling at its Kharg Island oil terminal. The terminal is the only point at which Iran can supply oil to customers in the Gulf.

President Saddam Hussein of Iraq is attacking Kharg Island in a bid to weaken Iran's fighting power by cutting off oil exports needed for foreign exchange to finance the war. But Western diplomats believe that Iraq is also trying to draw other Gulf Arab states more deeply into the conflict with U.S. support, by encouraging them to take defensive measures against Iranian counterattacks, as they are now doing.

The conservative council member states are supporting President Hussein in his war with Iran because they feel that an Iranian victory would dangerously enhance the prestige of the Islamic revolutionary regime in Tehran and encourage it to destabilize other Gulf countries.

As a result, the Gulf states are contributing billions of dollars to the Iraqi war effort. By throwing a protective air shield over the western side of the Gulf, Saudi Arabia and other council members now hope to deter Iran from attacking any more tankers calling at their

Italy's Communists Pick Professor as New Leader

(Continued from Page 1)

for mistakes, but may well do so in Latin.

Two years ago L'Unità, the Communist Party newspaper, falsely accused Enzo Scotti, now the Christian Democratic mayor of Naples, of being linked to the Camorra, the Naples version of the Mafia. The newspaper's director and deputy director lost their jobs over the story. Publication, however, had been authorized by Mr. Natta, and according to Europe he said in all simplicity "admettiti quid feci." Latin for "I am the one who did it."

French Communists Meet
French Communist leaders began a two-day emergency meeting Tuesday to consider the party's poor showing in the European elections, Reuters reported from Paris.

Party sources said the Central Committee would engage in a profound review of the party's overall strategy, its leadership and its relationship with the ruling Socialists in the government.

The Communist share of the vote June 17 slumped to 11.28 percent from 20.52 percent in 1979, their worst performance in important elections in more than 50 years.

Georges Marchais, 63, the party's secretary-general for 12 years, has faded from public view since the election, and his future is uncertain. There has been speculation that Mr. Marchais may be replaced eventually by the transport minister, Charles Fiterman, one of four Communist ministers in the government.

Indonesia Bans Journalist

Reuters

JAKARTA — Indonesia banned a Western news agency bureau chief Tuesday from working here after he wrote an article about a troop buildup in East Timor. A government official said that Isabelle Reckeweg, the local bureau chief of United Press International, would not have her work visa renewed when it expired at the end of the week.

The trade ministers' conference, including representatives of the United States, Canada and the European Community, begins at Eirach Thursday.

At a London economic summit earlier this month, Japan and the United States favored a new round of trade negotiations aimed at removing barriers to international trade. European nations preferred to complete tariff-cutting negotiations before launching new talks.



Alessandro Natta

Marcos Says Insurgents Hold Mindanao Towns

(Continued from Page 1)

culties, including growing unemployment and inflation.

One paper, the Daily Express, published an editorial under the headline "Are Dissenters Safe?" A columnist in another paper, the Metro Manila Times, asked whether the due process clause had been dropped from the constitution.

"The secret marshals are more feared than admired in Metro Manila," wrote the columnist, Arturo Bojal. "The reason is simple: Many lawmen themselves have acted like goons and hoodlums. With their life-and-death powers, these marshals might just abuse the fundamental rights of the citizenry." He called the reactivation of the marshals "an admission of failure by police authorities."

The marshals wear civilian clothes and number at least 760 soldiers, police, military trainees

and presidential security guards, authorities said.

Questions have been raised about the shoot-outs, which the marshals regularly cite to justify resorting to their weapons.

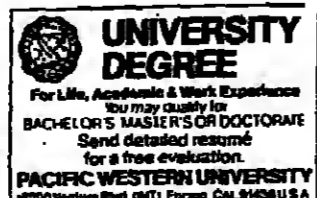
The commander of the marshals, police Major General Prospero Olivas, said they had been instructed to use their guns only when "absolutely necessary" and to shoot to disable their targets unless their own lives were in peril.

One of the latest victims, gunned down early Sunday, died clutching a toy pistol that he reportedly used in a holdup, police said.

Reynaldo Celestial, 33, allegedly pointed the toy Colt .45 at marshals who pursued him after he stole a woman's handbag. He was shot several times and was dead on arrival at a hospital.

Mr. Celestial's body and those of several others killed by the marshals have borne tattoos identifying them as members of what one newspaper called the "dreaded Sig Sig Sig Spunkin' gang," an organization of street toughs active in Manila's slums.

Among 13 men gunned down Thursday and Friday, according to the Bulletin Today newspaper, one was shot for "allegedly trying to lob a grenade" and another "for being a suspicious-looking character."



For Life, Academic Excellence
You may qualify for
BACHELOR'S MASTER'S OR DOCTORATE
Send detailed resume
for a free evaluation.
PACIFIC WESTERN UNIVERSITY
1000 University Blvd (P.O. Box) Salem, Oregon 97331

BADRUTTS PALACE HOTEL ST. MORITZ

Summer season: June 28 — September 6

Various restaurants and bars
Fitness center with indoor and outdoor pools, whirlpools, saunas, massage, gym, aerobics, indoor golf, squash and four tennis courts with resident pro
Bridge room with hostess

Special arrangements for tournament participants:

1st Palace Veterans Open (Tennis): July 16-22
Palace Int. Summer Bridge Tournament: August 2-5
Palace Int. Summer Backgammon Tour: August 15-18

For information and reservations:
Badrutts Palace Hotel, 7500 St. Moritz, Switzerland
Tel. 82/21101, Tlx 74424

Mondale Staff, Aided by Computer, Backs Black Mayor as Running Mate

By Robert Shogan
Los Angeles Times Service

WASHINGTON — Walter F. Mondale and his leading campaign advisers are studying a detailed staff memorandum that argues that the selection of Mayor Tom Bradley of Los Angeles as his vice-presidential running mate offers him the best chance of overcoming heavy odds and becoming president.

Mr. Bradley would be the first black to run on a major-party presidential ticket.

The staff proposal is based on a computer study showing that Mr. Mondale's chances of unseating President Ronald Reagan in November are bleak unless he takes some risks.

The study by his staff of returns from past presidential elections gives Mr. Mondale a starting base of only six states and the District of Columbia, with a total of 50 electoral votes toward the 270 needed for election. Mr. Reagan, by contrast, starts with 26 states with 177 electoral votes. The other 18 states and 311 electoral votes are considered worth contesting by Mr. Mondale.

The rationale for choosing Mr. Bradley is that, more than any other potential running mate, he would help Mr. Mondale carry California and aid the ticket in other important states, mainly among black voters in the South, the Northeast and the industrial Mid-

west. Mr. Bradley would be the first black to run on a major-party presidential ticket.

Although Mr. Reagan starts with a considerable advantage in his home state of California, which twice elected him governor, Mr. Mondale's strategists do not consider him invulnerable there. They believe that Mr. Bradley could help in the state by drawing white and Hispanic voters as well as blacks.

"Bradley has done 13 percent better among Latino voters than any other Democrat ever in the state," one Mondale aide said. The Mondale staff proposal reflects the view held by a number of Democratic strategists that Mr. Mondale will have difficulty changing the minds of enough white voters who supported Mr. Reagan in 1980 and must rely instead on a big black turnout.

The computer study found that on average since 1968, Democratic presidential candidates have won only 38 percent of the white vote nationally and only 24 percent of the black vote in the South. According to supporters of Mr. Bradley as a running mate, these numbers suggest that Mr. Mondale cannot look to white voters to help him do better against Mr. Reagan this year than former President Jimmy Carter, who was drubbed by Mr. Reagan in 1980.

While the selection of a black running mate could cost Mr. Mon-

dale some white votes, this source argued that "the 24 percent of the whites in the South who have stayed with us so far would stick with us with Bradley on the ticket."

Mr. Bradley, 66, whose father was a sharecropper, became the first black mayor of Los Angeles in 1973. Prior to that he practiced law in Los Angeles, worked as a policeman and, for 10 years, was a member of the City Council. He was easily re-elected mayor in 1977 and 1981, but he lost the 1982 California gubernatorial race to George Deukmejian, a Republican.

The staff memorandum advocating the choice of Mr. Bradley was completed about two weeks ago. Mr. Mondale interviewed Mr. Bradley last week as one of a number of vice-presidential possibilities.

The computer study, which provides the basis of the memorandum, concludes that at present Mr. Mondale can expect to carry only the six states won by Mr. Carter in 1980 — adding Massachusetts but losing Georgia — and the District of Columbia.

Of the 26 states considered so difficult for Mr. Mondale to win that they would not be worth much investment of campaign resources, the largest are Florida with 21 electoral votes and Indiana and Virginia with 12 each. They also include all the Rocky Mountain states, Oregon and Washington.



Tom Bradley

The 18 battleground states include 8 of the 10 largest — California, New York, Texas, Pennsylvania, Illinois, Ohio, Michigan and New Jersey.

Advocates for Mr. Bradley contend he would increase black turnout in all these states. They also believe he would increase the vote for the Democratic ticket among Hispanic voters and among women who, they contend, would react positively to Mr. Mondale's choice of someone besides a white male.

Among Mr. Bradley's drawbacks, in addition to the possible backlash by white voters, is his lack of experience in national government, which would enable critics to argue he would not be qualified to succeed Mr. Mondale.

Life in Times Square Isn't Child's Play

By Maureen Dowd
New York Times Service

NEW YORK — The stench of garbage and alcohol rose from the sidewalk in hot waves. In front of the Carter Hotel on West 43d Street, there were children everywhere, hanging off the door of the Rose Saigon restaurant, swinging on fire hydrants, wrestling in piles of beer cans.

Angel, 4, played with an empty Bacardi rum bottle. Ann, 6, mimicked a common sight on the street: She pursed her lips and sucked in, as though dragging on a marijuana cigarette. Michael, 9, watched wide-eyed as police officers led away a handcuffed woman screaming obscenities.

They are the children of Times Square. They grow up quickly in a neighborhood of drifters and derelicts, where sex and drugs are bought and sold on every corner, and violence, pornography and exploitation are the traditional values. They see things every day that other children see only through the glossy filter of television.

"It's got to be one of the rottenest places in the world to grow up," said the Rev. Bruce Ritter, the president of Covenant House, an organization on Eighth Avenue that cares for homeless and runaway children.

"It's a street right out of hell. Every vice in the world is extant in Times Square. It's the largest classroom in the world for the teaching of depravity."

New York City has increasingly used hotels in the Times Square area that have agreed to take homeless families. City officials say the shortage of inexpensive rental housing has increased the number of evictions of poor people and hampered the city's efforts to find homes for families.

There are now 570 such families, with 1,271 children, living in the Carter and five other hotels around Times Square. Some of the families have been in the hotels more than a year.

Asked how they like living in the neighborhood, the children answer

"half and half," or they shake their heads.

Many are fascinated by the neon glitter and nonstop action, the karate movies and video game rooms and flashy prostitutes.

But more often, they are repelled and frightened.

"I don't like it," said Charles Simpson, 9. "They be killing people. They be raping people. They be people coming up in a car and asking you to get in with them, saying they'll give you money. They be knocking on your door. They be calling on the telephone and breathing hard."

Charles lives in a small room in the Carter with his brother, his mother and her boyfriend. Asked where he would like to live, Charles's face grew dreamy.

"Maryland," he said. His grandmother lives in Maryland, in a suburb of Washington.

It is jarring to listen to the children's conversations, so peppered with the imagery of violence. "I call it the murdering area," said Jennifer Riccardi, 10.

"Two days ago, on the corner, they stabbed a man," said Eddie Baker, 14.

Gayle Ricks, a social-work supervisor with Women in Need, a private agency that works in the hotels, said that often the children develop psychological problems.

"Many of them start crying a lot and having nightmares," she said. "They wake up afraid somebody's standing in the window."

"It's criminal to put young children in these hotels," the Rev. Ritter said. "You take a 9- or 10-year-old from the best family in the world and let him live there a year and he'll never recover."

The children's activities seem to follow a pattern. They watch television and play games in their rooms or in the hallway. They go to a nearby park. If they have money, they play at the video arcades. If they want to make money, they give break-dancing shows on Broadway.

Many mothers complain that, after a few weeks in the neighborhood, they notice a difference in their children.

"All the mothers complain their kids are out of control now, smart-mouthing and cursing and fight-

ing," said Deborah Williams, a mother on welfare.

The children talk about developing survival techniques. "I keep a knife in my pocket when I go to the store," said Fernando, 12.

Spanky Neves, 11, recalled that when he first moved into the Carter Hotel last year, he "cried a lot."

"But now I act different," he said. "I go places with my friends." His nickname comes from his new aggressive stance.

"There are too many people here taking drugs and they try to force you to do it, and if you say no, they might follow you. Anybody mess with me, or call me names or touch me, I'll touch them back," he said, raising a fist.

Weinberger Says UN Might Be Asked To Take Action to Combat Terrorism

Washington Post Service

WASHINGTON — Defense Secretary Caspar W. Weinberger has suggested that the United Nations "might well be called upon" to deal with terrorism, rather than creating a new international organization for that purpose.

Mr. Weinberger's comment Monday followed a speech Sunday by the former Israeli prime minister, Yitzhak Rabin, calling for creation of a "voluntary international organization of foreign states" to be headed by a major U.S. official, to combat international terrorism.

Secretary of State George P. Shultz on Sunday also called for a concerted international effort to stop terrorism.

Saying he has not seen specific proposals from Mr. Rabin, Mr. Weinberger said: "We've got a United Nations organization that might well be called upon to deal with matters of this kind. I wouldn't see what this group would do that the United Nations can't already do."

But the United States delegate to the UN, Jeanne J. Kirkpatrick, suggested at the conference Monday that the UN General Assembly would not be the organization to deal with terrorist matters because so many of its members support such organizations as the Palestine Liberation Organization and the South-West Africa People's Organization, which she described as terrorist groups.

Duarte Rejects Rebel Stand Conveyed by Jackson

By Robert J. McCartney
Washington Post Service

SAN SALVADOR — The Rev. Jesse L. Jackson has conveyed bargaining positions of Salvadoran rebels to President Joaquin Faria Duarte, but he has failed to convince Mr. Duarte to soften his public stance against negotiations with the leftist insurgents.

Mr. Duarte gave Mr. Jackson a cordial reception Monday at the presidential palace and said he would comment further on their visit directly to the Salvadoran people.

But Mr. Duarte also reaffirmed his position that negotiations with the rebels should wait until after his government has curbed violence and established what he called "a security situation" in which the efforts could safely join the political process.

There is nothing new in the concept of the rebels' positions carried here by Mr. Jackson. Mr. Duarte said as he stood with the U.S. Democratic presidential candidate on the front steps of the palace.

Mr. Jackson met three times Sunday in Panama with representatives of the Salvadoran rebel alliance and carried four points for consideration to Mr. Duarte.

In El Salvador Monday, he met with a Roman Catholic Church official and then with Mr. Duarte before flying to Cuba Monday night for a meeting with President Fidel Castro.

Mr. Duarte suggested that the last may have helped improve the climate, because, he said, Mr. Jackson shared his own position that it is important to seek a dialogue with the rebels for moral reasons, or only as a negotiating tactic.

But two Salvadoran government sources said afterward that the rebels had not altered their conditions for talks and that Mr. Duarte was sticking to his prior stance.

"He is not changing his position," an official said of Mr. Duarte. Another source noted that Mr. Jackson had less authority as a mediator than the Costa Rican government, which has explored the possibility of arranging talks between the Salvadoran rebels and the government with little success. Mr. Jackson expressed satisfac-

tion that the rebels were willing to meet with the Salvadoran government without preconditions and that Mr. Duarte had agreed to receive him. But he did not directly address Mr. Duarte's response to the insurgents, preferring instead to call in general terms for talks between the two sides.

"We must develop a radical passion for negotiation," Mr. Jackson said. "All of us must join the moral offensive."

Mr. Duarte did not spell out the rebels' four bargaining points, but he said that they concerned a ceasefire, the rebels' preference for San Salvador as the location for a meeting, acceptance of Contadora group regional peace proposals and the insurgents' stance against preconditions for talks.

"My position is that I will not negotiate with weapons [on] the table," Mr. Duarte said. He opposes

talks with rebel military commanders, who he said are trying to use force to impose the will of a minority.

The final stop on Mr. Jackson's four-nation, six-day tour will be Nicaragua.

■ Jackson Meets Castro

Gerald M. Boyd of The New York Times reported from Havana:

Mr. Jackson arrived in Cuba Monday night for a two-day visit, and in an airport meeting with Mr. Castro said the United States and Cuba "must give peace a chance."

"Together our nations have the capacity to bring peace in this hemisphere," Mr. Jackson said.

"Whatever our conflicts may have been in the past, we must forgive each other, we must redeem each other, respect each other, and move on," he said. "We must give peace a chance."

9 Indicted for Selling 'Ministries' In Church to Avoid Paying Taxes

New York Times Service

NEW YORK — A U.S. indictment has charged nine defendants with a tax-evasion scheme that involved selling "ministries" in the Life Science Church to thousands of people, including many police officers in New York City.

For a fee of up to \$4,400, the indictment said, people became "ministers" and avoided paying income taxes by claiming that they used their incomes to operate tax-exempt churches.

In return for the fees, which were called donations, new "ministers" received church credentials, tax instructions and training on how to operate a church at home, according to the indictment. It said a home church usually consisted of a minister and one or two others, including the minister's spouse.

The 19-count indictment, filed Monday in Manhattan's Federal District Court, said that the nine defendants accused of heading the operation had obtained almost \$10 million in three years and had deprived the government of millions of dollars in taxes.

Among those who bought such ministries, U.S. Attorney General Rudolph W. Giuliani said, were more than 1,000 public employees in the New York area, including 700 in the city's police department and others in the fire department, the sanitation department and the Transit Authority.

Some persons might have been "legitimately confused" about the legality of the ministries as tax shelters, he said, suggesting that they could avoid being indicted if they came forward immediately and agreed to pay all their back taxes.

The main defendant in the indictment was identified as Lawrence Ramucci, 53, the "bishop" who headed the Life Science Church in New York and New England. The defendants had no links to organized crime, U.S. prosecutors said. They could face up to five years in prison on each count against them.

A Candidate From the 'Boneyard': He Knows Where the Skeletons Are

By Ward Sinclair
Washington Post Service

WASHINGTON — Every administration has its political urges, so it was not surprising when the Reagan administration, only after taking office, created a role of exile status for some Democrats it could not ease out of the Agriculture Department.

It was called the "boneyard," and it was where Chipman C. Bull went in 1981.

Now, with nearly a year's worth of accumulated leave pay, he has left the Agriculture Department and is running for Congress in Maine against Representative J. Snow, a Republican.

At the Democratic National Committee are coaching him, and he has the support of some major Democrats, including Ed and S. Muskie. Here is how Mr. Bull advanced to the boneyard to a congressional race:

Mr. Bull, a Democrat, went to work for the Agricultural Stabilization and Conservation Service in 57 as a temporary worker in Maine. By 1968 he was the state director — a political job — but when Richard Nixon won the presidency that year, Mr. Bull knew his days were numbered and he quit. He became an executive of the Maine Potato Commission. In 1976 Democrats recaptured the White House, and he was made a regional director of the conservation service.

Mr. Bull became a career employee in 1979 and attained an ex-



Chipman C. Bull

ecutive status that supposedly protected him from the whims of a new administration. Naively or not, he thought that in 1981 the new Republican team would put his talents to work in running the Agriculture Department. They did, but only briefly.

Gradually, by Mr. Bull's account, his duties were taken away and he ended up as a highly paid bureaucrat with nothing to do. He says he got so adept at solving The Washington Post's crossword puzzle each day that it be-

came a bore. He moved on to the more complex New York Times puzzle and got it down to a 20-minute exercise.

When he was not working puzzles or drinking coffee in the cafeteria, Mr. Bull did a lot of reading. He read all the Robert Ludlum thrillers. He read Leon Uris's "Trinity" and liked it so much he read it a second time.

Maybe that was bad enough, paying a man \$50,000 a year to read novels and work puzzles. But when his salary went over \$50,000, Mr. Bull said: "That really incensed me. It was at a time when federal programs were being cut back and they were trumpeting about all the waste, fraud and abuse they were eliminating."

"I was upset," he continued. "Here I was, 48 years old with more than 20 years' experience, and then I was relegated to the bone pile without a nod. I felt it deeply ... lost confidence in myself, felt I was a hack. And my home life suffered." So he decided to quit.

Then, because he had little to do and friends were nagging him to become a candidate, he decided to run for the House. "People asked why would I want a job that pays only \$5,000 more than what I was making at USDA," he said. "Well, I feel things can be done in the legislative branch, and I think I know where the skeletons are at USDA. I intend to be on the Agriculture Committee."

His campaign slogan is: "It's Bull."



Lufthansa
German Airlines

Telex: 338394

ERA-Deutsche Reederei
2340 South 5th St.
Minneapolis, Minn. 55404
Tel: (612) 338-3335

Herald Tribune

Published With The New York Times and The Washington Post

The Interest in Latin Debt

The Reagan administration keeps saying interest rates will fall, but they keep going up. The banks' prime rate, to which some of the Latin American debts are tied, rose half a point Monday. Rates generally have gone up two percentage points since mid-March, raising the Latin countries' interest payments about \$5 billion a year. The danger is that the Latin countries' interest payments will continue to rise faster than the export earnings that are those nations' only means of paying them.

The effects of these rate increases chiefly fall abroad. In the United States, each increase sets off a ripple of grumbling among borrowers, but it is hardly audible in the general celebration of a strong economic recovery. Most of Latin America, in contrast, is in a severe recession. To say that the higher interest rates over the past several months will cost Latin debtors \$5 billion more a year substantially understates the full cost. Another effect was also visible Monday, as higher interest pushed up the exchange rate of the U.S. dollar. For foreigners whose debts are denominated in dollars, it means that each dollar of repayment will cost more in terms of their own money and the output of their economies.

Eleven of the indebted Latin countries just met in Cartagena, Colombia, to try to decide what to do next. There was some concern in

the United States that they might attempt to organize a debtors' alliance. That did not happen; the 11 countries differ enormously in their economic strengths and their intentions. But the 11 agreed that they need better consultation with creditors and wider discussion of reforms in the financial system. The suggestion was deliberately low-key, but it deserves an active, affirmative response in Washington.

There are two competing views on the solution to the Latin debts. One view holds that the normal process of a strong economic recovery will soon generate sufficient earnings to bring the debts down to safe proportions. The other argues that, forced rapidly upward by the recovery and the large American budget deficit, interest rates will rise faster than the debtors' ability to pay. If that is the case, the debts will become unmanageable without much more forceful intervention by the governments of the rich countries.

Until last winter the evidence seemed generally to favor the first possibility — that growth would resolve the crisis. Since then the rise in interest and exchange rates has made it seem less certain. This latest rise in the prime rate, three days after the Cartagena meeting ended, strengthens the case for thinking that further intervention may become necessary.

— THE WASHINGTON POST.

Reformed, Not Simplified

If anyone still doubts that the U.S. tax code needs a fundamental reform, let him look at the 1984 tax bill. Driven by the simple objective of raising a badly needed \$50 billion of revenue, Senate and House conferees have hatched a package that closes loopholes and opens new ones, postpones some tax cuts, raises some taxes and lowers others. For the second time in three years, the code has been made maddeningly more complex.

Still, that Congress can pass any tax increase in an election year is extraordinary.

So bats off to the architects — Representative Dan Rostenkowski, Democrat of Illinois, and Senator Bob Dole, Republican of Kansas, the chairman of the tax committee. Mr. Rostenkowski's policy is to let a Republican administration do the heavy lifting in budget deficits. Mr. Dole bravely backs his party's president. Both resisted special-interest pressures, inevitably producing a patchwork.

Faced with a president who did not want any tax increases, and who even now talks of lower income taxes next year, they recognized that the only way to raise the \$50 billion over the next three years was piecemeal.

The final bill shies away from increases that might offend the public at large. The House wanted a higher liquor tax increase but the Senate held out for less than 35 cents on a fifth of bourbon. Cancelling the partial tax exemption for interest income will be one of the biggest revenue gains — \$7 billion. But because the exemption never took effect,

this "increase" will not even be noticed. The tax measure will be felt most by businesses and financiers, and not just negatively. Fancy tax shelters will be usefully restrained. Commercial real estate depreciation, shortened too much in 1981, will be stretched again. A lid, but a porous one, will be imposed on tax-exempt industrial revenue bonds that tap the Treasury to finance private business development. Another big revenue loser is repeal of tax withholding from interest, paid to foreigners who buy American securities. The Treasury likes this repeal, because it helps to attract foreign capital to finance the budget deficit and hold down interest rates. Corporations that have eluded the withholding by offshore borrowing opposed strengthening the Treasury as a competitor.

But Wall Street won its long battle to reduce the capital gains holding period back to six months, a revenue loss of \$600 million. The life insurance industry won a \$1.4-billion cut in its tax liability. A new deal to spur exports will let some corporations escape \$12 billion of taxes on previous earnings. And some wealthy families will gain millions from being allowed to pay estate taxes in installments.

Such is the Deficit Reduction Act of 1984. It is essential to begin reducing the gap between federal spending and income. It is instructive in the realities of tax legislation, but it compounds complexity and thus makes fundamental reform more necessary than ever.

— THE NEW YORK TIMES.

Is It Truly the Fairer Sex?

Some people are saying that the women being proposed as vice presidential candidates for the Democratic Party are being judged too leniently, meaning that if they were not females they would not be mentioned at all. Others are saying these women are being judged too harshly — that a higher standard of qualification is being imposed on them than on their male counterparts.

The reason this argument cannot be resolved is that both propositions are right. Many of these women are of modest qualification and are being considered primarily because of their sex. But others are being discredited as unqualified on the basis of résumés at least as impressive as those of some of the men who have been routinely considered for — or God help us — actually elected to the office over the years. Geraldine Ferraro of New York, we keep hearing, is "only" a congresswoman. Spiro T. Agnew was a one-term governor with less experience in major issues than she; he left office after three years still less qualified for it than Mrs. Ferraro is today.

These arguments go round and round, partly because all the cases cannot fit a single conclusion. But it seems silly for people to protest that it is not mainly (or actually merely) because they are women that some of these prospective candidates have been mentioned. Blacks, Jews, Roman Catholics, Southerners — people of a particular region, background or characteristic are habitually sought out for political position in the United States to balance tickets and win over constituencies and mute conflicts of one sort or another.

— THE WASHINGTON POST.

It has become something of a sardonic joke, and rightly so, among feminists that in the competition for jobs outside government as well as inside, women are compelled to have better qualifications than their male equivalents. It has also become a fact of life that some organizations have flung women into jobs they are not fit for, just to get the employment statistics looking good. You have to watch the vice presidential contest now with this dual phenomenon in mind, because it is occurring there, too, and you have to judge the individual candidates as individuals. They are not a walk-on group. This is not a Miss America contest.

One argument still heard, especially as it is reflected in public opinion polls, is that females are by nature too "emotional" and therefore too unstable to govern with steadiness, cool and restraint. This argument is explicable only as a historical male fiction. Surely if you look at the gruesome march of violence — the bang, pow and splat of emotion and gore down through the centuries — and ask yourself who lost control first, foremost and most often, who committed all that pillage and crime (and who mainly still does) it would not be the female sex. Yes, there were the Lucrezia Borgias. And certainly in our time the female leaders from Golda Meir to Indira Gandhi and Margaret Thatcher have been proved as tough as the fellows their countries were combating. But wild, uncontrollable emotion? Please, look again at which of us have been most given to flying off the handle and settling disputes with a club.

— THE WASHINGTON POST.

FROM OUR JUNE 27 PAGES, 75 AND 50 YEARS AGO

1909: Tribesmen March on Teheran — The Shah of Persia ratified the new Persian electoral law [on June 24]. This ratification, says the "Times," is a tardy one. Perhaps too much so, for the news from Persia shows that the population, tired of waiting, has taken up an attitude hostile to the sovereign. According to a telegram from Teheran, 5,000 Bakhtiari, the independent tribe which is master of Isfahan, are marching on the capital. It is announced from Isfahan that another detachment of Bakhtiari has left for the north. A detachment of Cossacks has left for the bridge of Kherran in order to check any movement on the part of the Bakhtiari toward Kasvin. The Bakhtiari, it is said, have reached the mountains towards the north of Teheran. Great excitement reigns in the capital.

1934: In Chicago, a Brassiere for Venus CHICAGO — City authorities, in an order which in part read, "Don't care if Venus de Milo shows up in a shell, she will have to put on pants and a brassiere," placed a ban [on June 26] on the exhibition of nudes at the annual street fair for starving artists. John Groth, leader of a left-wing group, when informed of the order, said that the "city fathers probably would want to put a kimono on Velasquez's 'Duchess of Alba.'" B. Jacques, caricaturist, said he was considering entering a pastoral scene including several cows with skirts covering their udders. Authorities said the banishing of nudes could be traced to the return of the saloon. They said they did not want saloon-keepers obtaining pictures of naked women to hang at the back of their bars.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUBNER, Publisher

PHILIP M. FOISIE
WALTER WELLS
ROBERT K. MCCABE
SAMUEL AUST
CARL GEWIRTZ

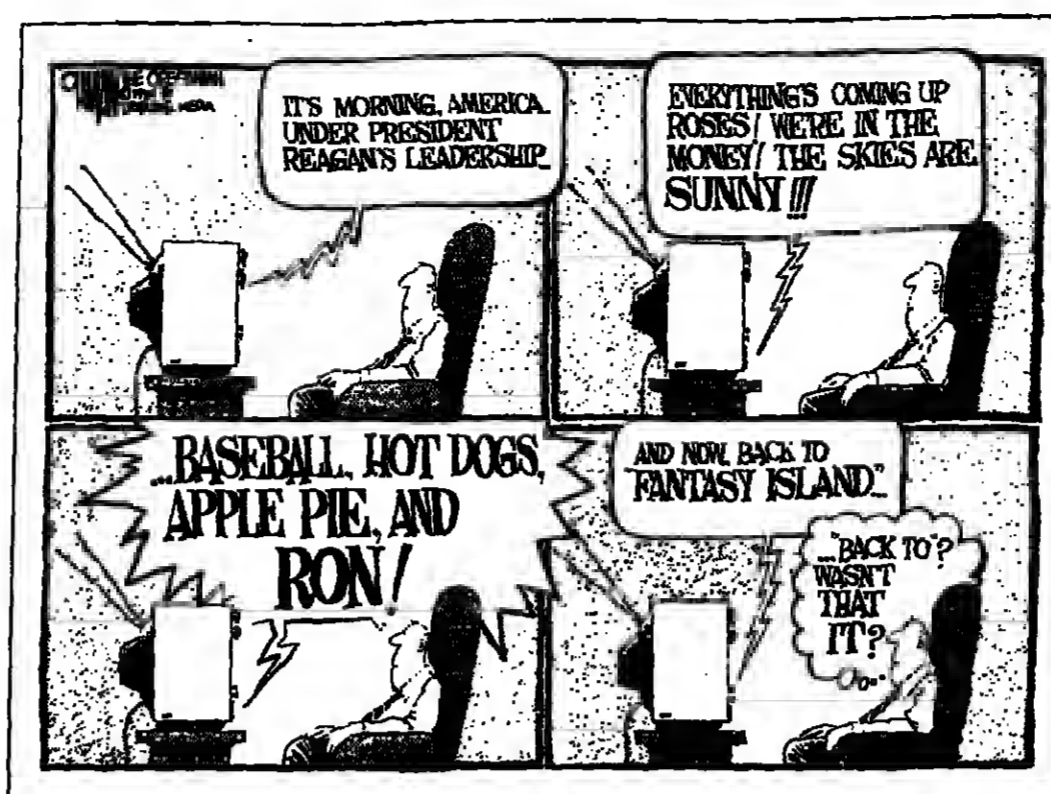
Executive Editor
Deputy Editor
Deputy Editor
Associate Editor

RENE BONDY
FRANÇOIS DESMAISONS
RICHARD H. MORGAN
STEPHAN W. CONAWAY

Deputy Publisher
Director of Circulation
Director of Advertising
Director of Operations

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92020 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 617118 (Herald), Citibank Herald Paris.

Gen. Mgr. Adm. Office: 24-34 Hengstenberg, Hong Kong. Tel. 2585618. Telex 61170.
Managing Dir. U.K.: Robin MacKinnon, 63 Long Acre, London WC2. Tel. 836-4802. Telex 262009.
S.A. au capital de 1.200.000 F. RCS Nanterre B 73021176. Commission Paritaire No. 34231.
U.S. subscription: \$300 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
© 1984, International Herald Tribune. All rights reserved.



Advice for Mondale From the Other Side

By David S. Broder

WASHINGTON — It is always interesting to ask politicians in one party how they would handle a crucial decision facing an opposite-party politician. So I have been asking Republicans whom they would recommend as a running-mate for the prospective Democratic presidential nominee, Walter F. Mondale. I bounced the question off Republican congressmen, pollsters and a few of the people intimately involved in President Reagan's campaign. Some of the views were surprising.

There was unexpected skepticism about the argument that Mr. Mondale would be strengthened most by enlisting his runner-up, Gary Hart. Many Republicans professed to think Mr. Mondale would look weak in offering the prize to his most outspoken critic. They argued that Mr. Hart is an overrated candidate anyway, calling that "most of the votes he got were anti-Mondale votes."

If Mr. Mondale decides to bid for the younger, more independent voters, one Republican said, he will take a nonestablishment young senator or governor like Mr. Hart, but one who had not opposed Mr. Mondale.

The second point some Republicans stressed was that Mr. Mondale must at least concede a Southern. "If Mondale concedes Texas, Florida and California to Reagan, he's almost conceding the election," one Republican said. Of the three states, Texas is the only one Mr. Mondale won in the primaries; historically and demographically, it is the likeliest to swing Democratic in November.

That reasoning points to Senator Lloyd Bentsen of Texas. The only trouble, the Republicans said, is that their polls show a Reagan-Bush ticket beating a Mondale-Bentsen ticket handily in Texas today. Mr. Mondale might think otherwise. In 1970, Mr. Bentsen won his first term in the Senate by defeating Mr. Bush. But the Republicans say that Mr. Mondale — assuming his poll results resemble their own — is almost bound to conclude that no one can guarantee him victory in Texas and that on one really opens up the South as a major source of electoral votes.

So what does he do? He seeks someone who will "strengthen the base," the industrial heartland; he then hopes to sweep that region and win a few more states along the way. Many Republicans said that means Mr. Mondale's choice will likely be an Italian-American from a major industrial state: Governor Mario Cuomo of New York, if he can get him; Representative Geraldine Ferraro of New York, if Mr. Cuomo is unavailable and Mr. Mondale decides to heed the pleas of women delegates; Lee Iacocca of Chrysler Corp., if Mr. Mondale decides to demonstrate his independence and go outside the political world; or Governor Richard F. Celeste of Ohio, if all of those options fade.

Of the four, Mr. Cuomo is clearly the strongest in Republican eyes, because of his New York base, his pol-

ish and his television presence. Mr. Cuomo says he will not run, because he promised New York voters in 1982 to serve a full four-year term. But some Republicans believe a Cuomo keynote speech would generate irresistible pressure on him from delegates at the Democratic convention; others think he may be acting coy.

The view of Mrs. Ferraro is mixed. She has a good profile, they concede, as a party regular and a feminist Roman Catholic from the blue-collar New York borough of Queens. But they wonder whether Mr. Mondale can really claim she is qualified to step into the presidency, if necessary, and they wonder how well she would acquit herself in a long campaign.

Mr. Iacocca and Mr. Celeste are on the Republicans' list because Michigan and Ohio are part of the "industrial core" strategy they expect Mr. Mondale to pursue, and because countering Mr. Reagan's appeal to second-generation ethnic Catholics is so much the key to the Democrats' executing that strategy.

A sweep of the industrial-belt states and in a band of states from Massachusetts south to Maryland and the District of Columbia, the Republicans pointed out, would make Mr. Mondale competitive. And black votes in the South, farm votes in the lower Midwest and environmental peace votes in the Northwest might make him a winner. The Republicans do not believe he can win; but that kind of a vice-presidential choice, they say, could make it a race.

The Washington Post.

The Dangers of Doing Business With Nimeiri

By Daniel Pipes

WASHINGTON — The United States is getting quietly embroiled in a dangerous situation in the Sudan. Washington's ties to the erratic regime of Major General Gaafar Nimeiri are increasing at a time when his own populace and other allies are distancing themselves from it. Unless current trends are halted, there may be major trouble in the Sudan.

President Nimeiri came to power in a military coup in 1969 and soon established himself as a master tactician. In remarkable acts of reconciliation, he brought into the government in Khartoum two of his main opponents, the Christians and the Moslem fundamentalists. In 1972, he ended a 17-year civil war in the south by giving the Christians and nonobservant Moslems were upset; even some Islamic fundamentalists resented the state's appropriation of Islam.

Last September, Mr. Nimeiri imposed a fundamentalist Islamic order. Because they had not been tried by Islamic law, 13,000 criminals were released from jail. On the other hand, more than 1,500 people were arrested on prostitution, drug and alcohol charges after emergency law was declared in April. Thieves have had their hands and/or feet amputated.

President Nimeiri's actions have destroyed Sudan's one bright economic prospect: the oil industry in the south. Soon after the Christians resumed their rebellion against the government, they attacked installations belonging to Chevron and forced the company to shut down nearly all its operations. Islamization also upset

basic economic practices: Interest on debts was made unenforceable by law and the income tax replaced by an Islamic religious levy.

Many leading political, military, business, intellectual and religious figures who protested the new order are in jail. Opposition to Nimeiri's policies quickly spread abroad. The Saudi government privately expressed its concern and halved its annual aid to the Sudan. Egyptian officials pointedly ignored Mr. Nimeiri in recent statements and declared support for "the Sudanese people." [The Sudanese leader has just returned from a visit to Egypt, where he denied that bilateral relations had cooled.] And West Europeans have cut back on aid.

But the United States has stayed at Mr. Nimeiri's side. Washington provides annual military assistance worth \$45 million and economic assistance worth \$190 million. It has put pressure on Saudi Arabia, Japan and Western Europe to increase aid. And it has proposed a 10-year moratorium on debt repayment to all creditors by the Sudan. When the rebels attacked Chevron facilities, the United States sent a secret "security evaluation and assistance" team to help the government build "an effective counterinsurgency capability."

The chances of a coup d'état increase as Mr. Nimeiri pursues Islamization, and the likelihood that a change in government will take an anti-American turn increases as the United States becomes more closely identified as his patron. Opposition forces in the Sudan are still

favorable to the United States, though they will be less so as time passes. Mr. Nimeiri is not Washington's only friend in the Sudan; American bonds to the country need not be limited to concern for his regime. If he pursues his folly, U.S. aid to the Sudan should be reduced.

The writer, a lecturer on history at Harvard University, is the author of "In the Path of God: Islam and Political Power." He contributed this column to The New York Times.



favorable to the United States, though they will be less so as time passes. Mr. Nimeiri is not Washington's only friend in the Sudan; American bonds to the country need not be limited to concern for his regime. If he pursues his folly, U.S. aid to the Sudan should be reduced.

The writer, a lecturer on history at Harvard University, is the author of "In the Path of God: Islam and Political Power." He contributed this column to The New York Times.

Triumph Abroad, Trouble in France

By Joseph Kraft

PARIS — François Mitterrand returned from Moscow over the weekend as the foremost political leader in Western Europe. To the security of tenure and a strong position on national defense, he has now added moral force.

Still, the underlying base of the French economy remains weak, and a cabinet shuffle seems imminent. Thus the emergence of Mr. Mitterrand only underlines the fragility of Europe and its continued dependence on the United States.

The French presidency, an office tailor-made for Charles de Gaulle, provides Mr. Mitterrand with the most dictatorial powers. The term he began in 1981 does not expire until 1988. He exercises preponderant control over foreign policy and defense. He can dissolve parliament and choose cabinets at will (de Gaulle, Georges Pompidou and Valéry Giscard d'Estaing all threw prime ministers to the wolves).

Defense has been a focus of contention throughout Western Europe, particularly as the deployment of modernized nuclear weapons targeted on the Soviet Union went forward last year. In most European countries, large numbers of people saw in the new deployment an invitation to become targets in any exchange between the superpowers.

But in France Mr. Mitterrand has had broad support both for his expanded defense program and for French forays such as those into Chad and Lebanon. His latest project, a move to thicken cooperation with West Germany in the West European Union, has been ap-

proved as a way to draw German yearnings away from the East and toward a commitment to France and the defense of Western Europe.

The Soviet trip added more strength. By publicly disparaging Moscow's inhumane treatment of the physicist Andrei Sakharov, Mr. Mitterrand went beyond asserting Western cultural values against Soviet practices. He did it in a way that mocked the fruitless quest of Mitterrand, de Gaulle, Pompidou and Giscard d'Estaing to cut an independent role for France as broker between the superpowers. He thus solidified his ties to the other West Europeans.

But he also ran a domestic risk. For while his conservative predecessors as president could upstage the French Communists by showing they could deal with Moscow, Mr. Mitterrand, by courting Russian disfavor, gives the French party one more reason to part company with his Socialist government.

General economic and political conditions provide the French Communists incentive enough to move into opposition. Economic growth in France (about 1 percent per annum) has been lagging behind the United States (roughly 6 percent), West Germany (5 percent), and Britain and Italy (over 2 percent). The slow growth follows an austerity program imposed in the middle of 1982 to arrest an inflation of wages and prices that was making France uncompetitive with other industrialized nations. Finance

Minister Jacques Delors and most other experts agree that France can only become competitive and increase growth and employment after a further period of holding down government spending and wages.

But the squeeze has been extremely unpopular. Mr. Mitterrand's Socialist Party gained only 20 percent of the vote in the elections for the European Parliament on June 17 — a drop of 15 points since the last elections in 1981. His Communist partners went from 20 percent to 12 percent.

Mr. Mitterrand is determined to keep up the austerity program, and the odds are that he will soon jetison Prime Minister Pierre Mauroy, who has proved over-optimistic in his public assessments of French recovery. A more conservative figure seems destined to take his place. With the government leaning right, the Communists will be under strong pressure to exit.

Even with his political base thus eroded, Mr. Mitterrand can press forward with various foreign policy projects, including the plan for more defense cooperation. He does not face the divisive party maneuvers that threaten the Italian government of Bettino Craxi, nor the pull from the East that divides West Germany; nor the labor struggles that weaken Margaret Thatcher.

But there is one thing that he and the other Europeans cannot take. That is a slowing of U.S. economic growth that would leave him asking for sacrifices without any hope of a payoff later.

Los Angeles Times Syndicate.

LETTERS TO THE EDITOR

In Defense of Gandhi

As a one-time foreign correspondent in India and frequent visitor there, I disagree with James Traub's June 11 opinion column, "Democracy's Troubled Future in India," on the storming of the Golden Temple in Amritsar.

When traditional societies modernize, they frequently spew up reactionary groups that violently challenge the new society. Thus we have the bloody and obscurantist Khomeni regime in Iran, the bizarre rule of Moammar Qadhafi in Libya and the terror by Sikh fanatics in northern India. The parallels are not precise, but there were similar reactions in Japan and Brazil when their societies were modernizing. To assume, as Mr. Traub does, that these fanatical groups can be negotiated with is to ignore their irrational, fascist nature.

Far from representing a failure of democracy, Mrs. Gandhi's effective military action is a triumphant reassertion of government with the consent of the governed.

First she tried to negotiate, only to find that the Sikh separatists were purely destructive in their objectives. Then, before taking strong steps, she waited — as a democratic leader must — until public opinion had been fed up with intransigence.

In spite of scattered mutinies, most Sikh soldiers and officers apparently remained loyal. It is now likely that the Sikh community, inwardly relieved if a bit sullen, will resume its prominent and prosperous place. To blame Mrs. Gandhi for the violence is a little like blaming Abraham Lincoln for bringing on the Civil War.

JAMES W. MICHAELS
Editor, Forbes magazine
New York

... And of Pakistan

In response to "U.S. Is Standing Too Close to Zia" (June 16):

Stuart Schaar concludes a largely misinformed and highly prejudicial column on Pakistan with the observation that "much more important [than the nonproliferation issue] would be congressional action to link aid to Pakistan's human rights record." There are now more than three million Afghan refugees in Pakistan — one-fifth of the population of Afghanistan — who have fled there not only in assertion of their human rights, including the right to live and worship as they please, but in protection of their very lives. These three million unfortunate are likely to find Mr. Schaar's views to be a trifle surreal, and certainly irrelevant.

TARIQ PIRACHA
Clichy-sous-Bois, France

Writers in China

Regarding the feature "Bo Jin: A Literary Despot's Comeback" (June 5) by Christine Chapman:

Like some other writers living in Communist China, Bo Jin found it extremely difficult to keep up creative writing after 1949. He had been one of the most able critics of China's feudalistic society. At a recent meeting in Tokyo he repeated his vow: "My writing is my duty to society." Are we to believe that such a man hesitated to answer political questions because he lacked interest in political matters? How many writers in Communist China are there who dare to speak their mind openly in public after all that has happened?

KURT W. RADTKE
Leiden, The Netherlands

U.S., Russia Revive Exchange On Environmental Research

The Associated Press
MUNICH — The United States and the Soviet Union have agreed to revive a long dormant scientific exchange program on the environment, the head of the U.S. Environmental Protection Agency said Tuesday.

William D. Ruckelshaus said the U.S. and Soviet delegations attending an environmental conference in Munich on acid rain met Monday night and agreed to revitalize the information exchange.

A 1972 agreement provided for trading information and research on environmental problems, such as acid rain and toxic substances, he said.

He said there had been four meetings of American and Soviet scientists under the agreement in the 1970s, but that it has been dormant for several years.

Mr. Ruckelshaus said he thought the last time there had been a meeting under the agreement was in 1979. He said a date has not yet been set for the next meeting.

He said the Americans knew the Russians wanted to revive the arrangement and said he got the go-ahead on the project from President Ronald Reagan before going to the Multilateral Conference on the Environment in Munich.

West Germany called the conference to discuss acid rain following a report last year saying that 34 percent of the country's forests had been damaged.

Mr. Ruckelshaus said there were four Americans and four Russians at the meeting, which lasted several hours. The Soviet delegation is led by Yuri A. Izrael, head of Moscow's state committee on the environment.

Mr. Izrael said he did not want to make any comments until Wednesday.

Mr. Ruckelshaus described the overall East-West atmosphere, at the congress of 31 nations as positive.

"Certainly our conversations have been very friendly," he said.

However, representatives of the United States and Soviet Union did clash when the Russians and three of their allies brought up the arms race, saying it was damaging the environment.

Mr. Ruckelshaus said the United States was ready to resume nuclear arms talks with the Soviet Union at any time in a proper forum.

The problem of acid rain is an international one because the pollutants that form it may enter the atmosphere at one point and return to the ground in another place.

Acid rain occurs when toxic substances such as sulfuric and nitric acid contained in polluted air fall back to Earth in the form of precipitation.

The acid rain can then contaminate drinking water, harm plant life and eat away at buildings.

Miss Zhang and Mr. Ma personally the rivalry that Beijing likes to encourage. The country's agricultural output has soared since 1979, when a new policy let farmers keep whatever they could grow beyond a quota set by the state. But the new productivity has revealed the extent of underemployment among China's 800 million peasants.

China has too little arable land for its farmers, and the government wants more peasants to set up small workshops, service trades and specialized occupations in the countryside.

An agricultural specialist, Du Rensheng, estimated three months ago that as many as 70 percent of China's peasants were economically surplus.

Mr. Du, who heads the Rural Policy Research Center of the Communist Party's Central Committee, said he envisioned a strategy of shifting 30 percent to 40 percent of China's rural labor force out of traditional farm work and into sideline occupations and small industries.

"In a situation of surplus rural labor," Mr. Du said, "this may be a proper way to increase employment and people's incomes, to raise their cultural level and to speed up rural development. In short, this is a policy for comprehensive development of the countryside."

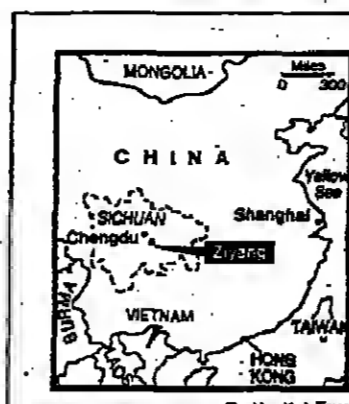
Mr. Du's forecast was fulfilled when a directive by the cabinet-level State Council and the Central Committee followed. The directive urged that, by the end of the century, 40 percent of the rural labor force should not be working in the fields.

The directive noted that 31 million peasants already worked in commune-run enterprises and that two million others had set up their own businesses.

The village of Chengbei has benefited from the changes. The village head, Zhang Chennan, said that the 395 households with 1,584 people share only 61 acres (24.7 hectares) of farmland, which means the each person has only a fraction of the average national average of a quarter acre each.

Before the 1979 changes, Mr. Zhang said, the village was so poor that it relied on annual state subsidies of grain and money. After the land was contracted out to individual households, the peasants began working harder and the handouts stopped. Last year, Chengbei's annual per capita income reached about \$230, which is nearly three times the income in 1979.

"The responsibility system is like an elixir for the people," Mr. Zhang said. "In the past, we all ate from the same big pot. Now we have broken the iron rice bowl."



Zhang Daishen using her telephone, the first and only one in the village of Chengbei in Sichuan province, and, left, Ma Tianying, her chief business rival, at his sawmill there.

China's Farmers Turn to New Pastures As Small Workshops Spread, Individual Initiative Counts

By Christopher S. Wren

New York Times Service

ZIYANG, China — A hand-cranked telephone still stands between Ma Tianying and his hopes of becoming the richest peasant in his village in Sichuan province.

Mr. Ma runs his own sawmill, repairs trucks and tractors, and makes concrete slabs for prefabricated housing. Last year, he and his family earned the equivalent of about \$6,000, making him the second wealthiest resident of Chengbei, a village set in the rolling hills and high green rice paddies of Ziyang County.

But Mr. Ma has yet to catch up with Zhang Daishen. She got a head start in turning out the prefabricated concrete, to demand because recent changes in agricultural policy started a housing boom.

Miss Zhang earned about \$6,800 last year and installed the village's first and only private telephone.

Miss Zhang and Mr. Ma personally the rivalry that Beijing likes to encourage. The country's agricultural output has soared since 1979, when a new policy let farmers keep whatever they could grow beyond a quota set by the state. But the new productivity has revealed the extent of underemployment among China's 800 million peasants.

China has too little arable land for its farmers, and the government wants more peasants to set up small workshops, service trades and specialized occupations in the countryside.

An agricultural specialist, Du Rensheng, estimated three months ago that as many as 70 percent of China's peasants were economically surplus.

Mr. Du, who heads the Rural Policy Research Center of the Communist Party's Central Committee, said he envisioned a strategy of shifting 30 percent to 40 percent of China's rural labor force out of traditional farm work and into sideline occupations and small industries.

"In a situation of surplus rural labor," Mr. Du said, "this may be a proper way to increase employment and people's incomes, to raise their cultural level and to speed up rural development. In short, this is a policy for comprehensive development of the countryside."

Mr. Du's forecast was fulfilled when a directive by the cabinet-level State Council and the Central Committee followed. The directive urged that, by the end of the century, 40 percent of the rural labor force should not be working in the fields.

The directive noted that 31 million peasants already worked in commune-run enterprises and that two million others had set up their own businesses.

The village of Chengbei has benefited from the changes. The village head, Zhang Chennan, said that the 395 households with 1,584 people share only 61 acres (24.7 hectares) of farmland, which means the each person has only a fraction of the average national average of a quarter acre each.

Before the 1979 changes, Mr. Zhang said, the village was so poor that it relied on annual state subsidies of grain and money. After the land was contracted out to individual households, the peasants began working harder and the handouts stopped. Last year, Chengbei's annual per capita income reached about \$230, which is nearly three times the income in 1979.

"The responsibility system is like an elixir for the people," Mr. Zhang said. "In the past, we all ate from the same big pot. Now we have broken the iron rice bowl."

Mr. Ma, 45, earned 55 cents a day under the old commune system. When the new policy let him start his own business, he borrowed about \$3,000 from the state bank and later invested \$4,000 that he had saved. Recently, he built a three-story house with his workshop on the ground floor and two rooms for each family member on the upper floors.

Now that peasants are allowed to go into long-distance hauling, Mr. Ma bought a secondhand truck and plans to buy a couple more so that he can compete with the state-run transportation companies.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Asked if the neighbors resented his success, Mr. Ma said, "No, because all of us are trying to become well-off."

Mr. Ma said he also wanted to get a telephone, to let him compete better with Miss Zhang.

She said that at first, her family was the only one making building materials here. "Later on, some people learned from our example," she added. "Now more than 20 households are doing the same job."

Miss Zhang, 36, started out as a field hand, earning only work points from the commune. She also pulled a handcart carrying charcoal and coal. Now, she said, she employs 10 other villagers in her enterprise, which makes asbestos tiles as well as concrete slabs, and raises poultry on the side. She has not hired her husband, Lu Ziling, who works as a purchasing agent for the local marketing cooperative and earns far less than she does.

"We have very serious competition now," said Miss Zhang. "I try to offer lower prices and better quality."

To solicit orders from the provincial capital of Chengdu, 50 miles (81 kilometers) away, Miss Zhang bought a black telephone with a hand crank. The installation cost about \$140, nearly as much as an average Chinese peasant earns in a year.

Defense Whistle-Blower Assails Pentagon Waste

By Charles Mohr

New York Times Service

WASHINGTON — A noted Pentagon whistle-blower has told senators that "bad management" has shot down more airplanes, sunk more ships and immobilized more soldiers than all our enemies to history put together. He also expressed a belief that there were few major military contracts in which less than 30 percent of the outlay was wasted.

The official, A. Ernest Fitzgerald, management systems deputy to the assistant air force secretary for financial management, testified Monday under subpoena to the Subcommittee on Administrative Practice and Procedure of the Judiciary Committee. The subcommittee is inquiring into the methods that air force purchasing officers and other officials have used to deny Mr. Fitzgerald and Congress information needed to monitor military costs.

The Senate panel subpoenaed him after the air force refused to permit him to testify in his official capacity and present service policy. In 1982, 13 years after he was dismissed for disclosing a large cost increase on a cargo plane contract, Mr. Fitzgerald was restored to his job as a senior air force "cost cutter" by court order. He testified Monday that one of his associates had described the technique of keeping cost data from civilian analysts as the descending of the blue curtain, a reference to the color of uniformed air force purchasing officials.

Mr. Fitzgerald testified that the air force spent more time trying to justify "outrageously high" prices for equipment than attempting to cut such costs.

The subcommittee chairman, Senator Charles E. Grassley, Republican of Iowa, along with three other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

The official, A. Ernest Fitzgerald, management systems deputy to the assistant air force secretary for financial management, testified Monday under subpoena to the Subcommittee on Administrative Practice and Procedure of the Judiciary Committee. The subcommittee is inquiring into the methods that air force purchasing officers and other officials have used to deny Mr. Fitzgerald and Congress information needed to monitor military costs.

The Senate panel subpoenaed him after the air force refused to permit him to testify in his official capacity and present service policy. In 1982, 13 years after he was dismissed for disclosing a large cost increase on a cargo plane contract, Mr. Fitzgerald was restored to his job as a senior air force "cost cutter" by court order. He testified Monday that one of his associates had described the technique of keeping cost data from civilian analysts as the descending of the blue curtain, a reference to the color of uniformed air force purchasing officials.

Mr. Fitzgerald testified that the air force spent more time trying to justify "outrageously high" prices for equipment than attempting to cut such costs.

The subcommittee chairman, Senator Charles E. Grassley, Republican of Iowa, along with three other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

other senators, expressed support and sympathy for Mr. Fitzgerald.

"Information is power," Mr. Grassley said, explaining that the purpose of his hearings was to study barriers to the free flow of unclassified information about Pentagon practices.

Mr. Fitzgerald spent much time describing a Pentagon practice of basing military contracts on what are called "actual costs," rather than on studies of what a contract "should cost."

"Should-cost" studies are a tool of industrial engineering, widely used in nonmilitary, competitive and commercial industries and are based on analyses of how much work time and company overhead should go into a product.

"Actual costs," Pentagon dissidents say, is a misnomer since it really describes the actual "charges" listed by a company.

Mr. Fitzgerald said that such famous anomalies as a \$1,118.26 charge for a cylon cap for an airplane stool that could be made at a cost of 26 cents were considered justifiable under present Pentagon procedures.

"The insidious thing," Mr. Fitzgerald said of contractors, "is that when they get away with this, it becomes a new standard."

He said Pentagon practice was not to measure real costs of production but to justify contracts on the basis of "historical" cost trends.

U.S. Religious Leaders Assailed for Soviet Visit

By Ari L. Goldman

New York Times Service

NEW YORK — The American Jewish Committee has criticized a delegation of 226 U.S. church leaders who returned last week from the Soviet Union, saying the Americans painted "a rosy picture" of religious life in the Soviet Union and had not pressed for release of imprisoned Soviet dissidents.

"They missed an enormous opportunity for moral suasion and moral leadership," according to Rabbi A. James Rudin, the national director of interreligious affairs or the American Jewish Committee, the most prestigious Jewish organization in the United States.

Leaders of the delegation, the largest American church group to visit the Soviet Union, returned from the Soviet Union Thursday and held a news conference Friday.

Under questioning, the leaders spoke of restrictions in Soviet religious life, including a shortage of churches, Bibles and religious education programs.

"We are not blind to the continuing difficulties," said the leader of the group, Dr. Bruce Riggdon, chairman of a committee on church relations with the Soviet Union. But he said progress on human rights was secondary purpose of the visit.

"The purpose," he said, "was to demonstrate that the unity which God has given the church transcends all boundaries of ideology, nationality and social system and to contribute to the peacemaking programs."

Rabbi Rudin said that it was unacceptable to contend that human rights were secondary to Christian unity.

"I did expect better of them," he said. "I think millions of Americans expected more."

The trip was sponsored by the National Council of Churches and was arranged with the cooperation of the Soviet travel agency Intourist and Soviet churches. The delegation included lay leaders and clergy from Protestant, Anglican, Orthodox and Roman Catholic churches.

At the news conference, held at the Council of Churches headquarters in New York, Dr. Riggdon said the group "discovered vital religious communities wherever they went, from Tallinn to Tashkent."

He said that improvements included the opening of new churches, a doubling of the number of seminary students in Moscow, Leningrad and Odessa and the reopening of a monastery in Moscow.

Dr. Riggdon said that the group visited only churches registered with the government, not those that have refused to comply with a law requiring registration. But he said efforts were made to inquire about the unregistered churches and religious dissidents "on every occasion where we had access" to officials.

At the news conference, held at the Council of Churches headquarters in New York, Dr. Riggdon said the group "discovered vital religious communities wherever they went, from Tallinn to Tashkent."

He said that improvements included the opening of new churches, a doubling of the number of seminary students in Moscow, Leningrad and Odessa and the reopening of a monastery in Moscow.

Dr. Riggdon said that the group visited only churches registered with the government, not those that have refused to comply with a law requiring registration. But he said efforts were made to inquire about the unregistered churches and religious dissidents "on every occasion where we had access" to officials.

At the news conference, held at the Council of Churches headquarters in New York, Dr. Riggdon said the group "discovered vital religious communities wherever they went, from Tallinn to Tashkent."

INSIGHTS

U.S. Job Surge: Envy of Europeans

High Technology, Service Industries Feed the Boom

By Leslie Wayne
New York Times Service

NEW YORK — The Europeans "simply cannot get over it," said one pleased official in the Reagan administration. The setting was the recent London economic summit meeting. The subject was jobs. And the Europeans were openly envious.

No wonder. In the last decade, while Western Europe lost two million jobs, the United States created about 20 million. And since the current American recovery got under way, the gap has widened. Major European countries continue to lose jobs, while payrolls in the United States grow, even in heavily depressed areas such as manufacturing.

About five million Americans have found new work in nonagricultural jobs since the bottom of the recession, making this the best recovery on the job front since the 1950s. About 105 million Americans are now employed, compared with 99 million when the recovery began in December 1982.

The Europeans "cannot understand why we can create all those jobs and they can't," said the administration official.

"This economy has shown an immense capacity to create jobs across the board, even during every month of the recession," said Robert Z. Lawrence, an economist at the Brookings Institution. And Robert D. Hormats, a vice president at Goldman Sachs and former assistant secretary of state for economic and business affairs, added: "People almost take it for granted, but our economy is the most dynamic in the world in its ability to absorb new workers. Looking from the outside, you have to be impressed. But we often don't see because we're in the middle of it."

The strong growth of jobs has helped to drive down the unemployment rate with a speed that has surprised economists. In May the rate fell again, to 7.4 percent, far below the 10.7 percent registered in the depths of the recession. And the drop is expected to continue along with the recovery, for the rest of the year.

Meanwhile, the Europeans, with the exception of West Germany, have watched unemployment stick on a high plateau or rise even higher. For Western Europe as a whole, unemployment currently is 10.5 percent and rising.

For President Ronald Reagan, the nation's strength on the job front is especially gratifying. After overseeing one of the worst recessions on record, his administration can point to an unemployment rate already below 7.5 percent, and the level when he took office in January 1981. And by the time the nation's voters cast their ballots in the fall, the figure will certainly be lower.

That may help the president's drive for reelection, but it does not mean the nation's concerns about new jobs have evaporated. Some observers say the current recovery is short-term and masks deeper problems.

The blessings of the recovery, for example, have not been spread evenly either geographically or by industry. While Massachusetts and Texas boom, Michigan and Ohio still hurt. Some major industries, like steel and automobiles, will not reach their pre-recession employment peaks in the foreseeable future, if ever.

Steel, which employed 726,000 workers at its peak in the late 1970s, has fallen to about 390,000 and, according to government estimates, will barely grow to 447,000 by 1995. The auto industry is expected to recover only about 127,000 of the 284,000 jobs lost during the recession by 1990.

Some economists worry that job creation in newer, fast-growing industries, like computers and robotics, could be held back by sluggish growth in the older, basic industries that are important customers for these new technologies.

Some analysts also contend that the nation's continued drift toward more service jobs will erode productivity and hurt economic growth by substituting lower-paying, lower-skilled service work for high-paying, blue-collar jobs.

And there is an even gloomier view held by Wassily Leontief, a Nobel Prize winner, who thinks the computer revolution threatens eventually to turn labor markets topsy-turvy by rendering the human brain itself technologically obsolete.

But for now, there's more good news than bad. Nonagricultural employment, the nation's basic measure of jobs, has risen a strong 5.7 percent since the bottom of the

recession, well above the average rebound of about 4.7 percent for the five recoveries since the Korean War.

Even in manufacturing, which felt the brunt of the recession, there are 8.2 percent more jobs than in November 1982, the recession's low point, a rate of recovery about double that of earlier expansions.

"Our manufacturing sector was devastated, yet the recovery in manufacturing has been normal and that's been the news," said Mr. Lawrence of Brookings. However, because manufacturing was hit so hard, employment still has not returned to pre-recession levels. And most of the growth in the recovery has come in new types of manufacturing, such as high technology, rather than in the battered basic industries.

The reason for America's good fortune is not easy to pinpoint. But for many economists it strikes at the heart of the dynamics of the nation's evolving economy. Somehow the changes under way in the labor force, in social customs, in financial markets and in technology have combined to generate steady employment gains, something that has eluded the Europeans.

The United States is currently benefiting from a highly educated baby-boom generation that is fast approaching its peak working years, and from career-minded women who are in the labor force to stay. Last month, in fact, the government reported that, for the first time, more than half of all adult women are employed.

Moreover, American workers, compared with the Europeans, are highly mobile and more willing to change location, and even occupation, as the economy demands. "Our labor market is very flexible and people hop from one place to another," said Orley C. Ashenfelter, a Princeton University economics professor. "In Britain, for instance, one would never dream of changing occupations to respond to decline in demand. And that rigidity gets enforced by government policies. Housing is so heavily subsidized that if you lose your job, you don't dare move from the area you live in because the waiting lists elsewhere are so long."

The United States, unlike Europe, also has billions in venture capital available for the new businesses that have been the spur for American job growth in recent years, and has a culture that is more willing to take financial and business risks. European economies are more heavily invested in traditional industries and have been slow to move into new areas.

These new technologies have flourished in the American environment, nourished by the money and the work force they need to grow. And there is a feedback effect on the rest of the economy. The income generated by the new industries creates demand for an even wider range of products and for even more workers to provide them.

Many of the new jobs in the United States are in service-related areas—everything from retail shops to airlines, fast-food chains to business consultants, and financiers to public utilities. About two-thirds of today's workers, or 67 million, make their livings in those jobs.

"Services continue to outpace manufacturing," said Samuel M. Ehrenhalt, regional commissioner for the U.S. Bureau of Labor Statistics in New York. "We're beginning to see the more permanent nature of the long-run shift to a more service-oriented economy." He noted, for instance, that there are more people engaged in the distribution of retail and wholesale goods than in making them.

Nearly 75 percent of all new jobs that the bureau expects through 1995 will come from service-producing industries. "Increasingly, we are selling ourselves to each other as service producers and the products of our jobs are becoming more intangible," said Audrey Freedman, chief labor economist at the Conference Board, a business research group in New York.

Within services, the sector the government calls "miscellaneous"—a catchall category that includes medical care, business services, recreation and hotels—will provide one of every three new jobs in the decade ahead. By 1995, miscellaneous services will account for 31 million jobs, a quarter of expected total employment.

The business services category, which includes consultants, personnel services, public relations, security systems, and computer and data processing services, will be one of the hottest growth areas, with employment expected to double to about 6.2 million by 1995.

A related industry, "miscellaneous profes-

sional services," which includes lawyers, engineers, accountants and architects, will add about 850,000 jobs to top 3 million by 1995. And medical care should employ some 3 million new people by 1995, or about 12 percent of all new jobs generated in the next decade.

Despite the gloomy outlook for smoke-stack industries, the future of the broad category of manufacturing has some bright spots. About 2.3 million manufacturing jobs were lost in the recession, but about 1.5 million jobs—not necessarily the same ones—have been generated.

There are 25 million Americans employed in goods-producing jobs, which include mining, manufacturing and construction. And although these jobs have fallen from 25 percent of all jobs in 1959 to 19 percent today, that share is expected to hold steady for the decade ahead. In fact, one of every six new jobs will be from manufacturing, mostly in new, high-tech manufacturing.

"Our projections show that manufacturing will continue to grow, but modestly," said Ronald E. Kutscher, associate commissioner of the Bureau of Labor Statistics. "High-tech manufacturing is a source of a lot of that growth, and that's offsetting what's taking place in autos and steel."

The continuing move into services raises some concerns. "There's a very serious dark side to this," said Barry Bluestone, an economist with Boston College who fears the consequences of what he calls the "deindustrialization" of the economy.

"The decline of the manufacturing sector significantly erodes the standard of living for the entire community," Mr. Bluestone said. "We did create a significant number of jobs, but these are lower-wage and lower-productivity jobs. When an auto worker gets knocked out at General Motors and works at a car wash in Flint, productivity and wages plummet."

But such arguments have not found great favor among economists. "I call it the 'real nations don't make quiche' argument," said one government labor economist. "It's as though they feel there is something intrinsically better about being a blue-collar steelmaker vs. a kid at a hamburger stand, and that's not the trade-off at all."

It is more than that, however. The notion that high pay should somehow be a goal of public policy sounds suspect in the wake of inroads by foreign competitors in U.S. markets. Miss Freedman of the Conference Board said: "In industries with very highly paid unionized workers, the wages got so high that the industries became uncompetitive and unemployment has resulted."

While service jobs on average pay less than manufacturing—\$245 a week vs. \$371—there are plenty of high-paid jobs in both sectors. And economists expect the gap to close over time as some of the highest-paid manufacturing workers are forced to lower their wage demands.

"It's a lot of nonsense about how service jobs aren't as good as factory jobs and are not to be valued as much," said Victor Fuchs, an economics professor at Stanford University. "Service jobs are more rewarding and interesting than assembly-line jobs."

Some fear that the tremendous growth of service workers will hurt productivity because services seem more labor-intensive than manufacturing and because the rising share of service jobs in the economy has, coincidentally or not, accompanied a drop in the nation's productivity growth. But government studies challenge this notion.

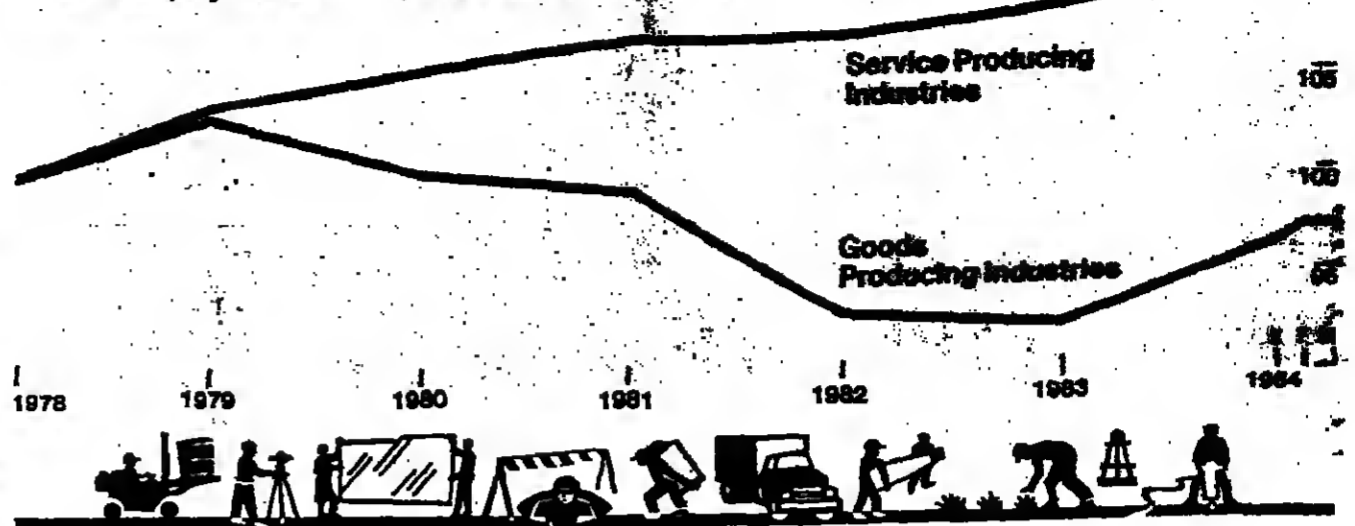
An examination of the nation's slowing productivity growth by the Bureau of Labor Statistics, for example, found that "productivity gains in the service sector show the same range as in the goods-producing sector," said Mr. Kutscher. "Our studies looked at whether the shift to services was an important factor in the productivity slowdown, and we found it was not important."

To many, the growth of the service economy and the slowdown in manufacturing is simply one of those long, but inevitable, structural changes to which the economy will eventually adjust, akin to the transition out of agriculture.

"What's happening in manufacturing had its counterpart 50 years ago in agriculture," said Michael L. Wachter, a labor economist at the University of Pennsylvania. "These deindustrialization guys must have had counterparts saying that the American economy is dying because there are not enough people on farms."

WHERE THE WORKERS ARE

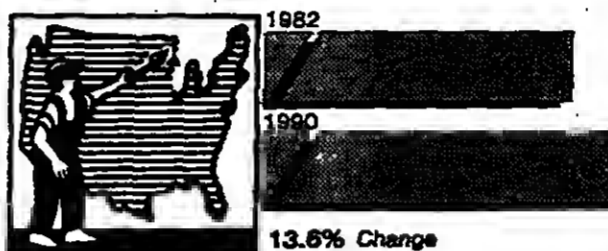
Index of employment in U.S. by major sector (1973=100)



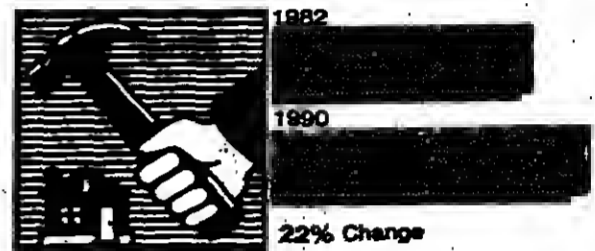
AND WHERE THE JOBS ARE

Growth of jobs in key U.S. industries from actual 1982 levels to projected 1990 levels, growth over period given in percentages; jobs, in millions

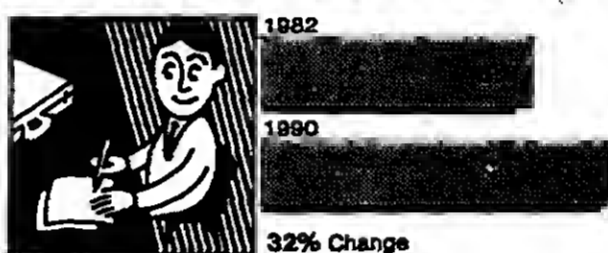
Total Jobs



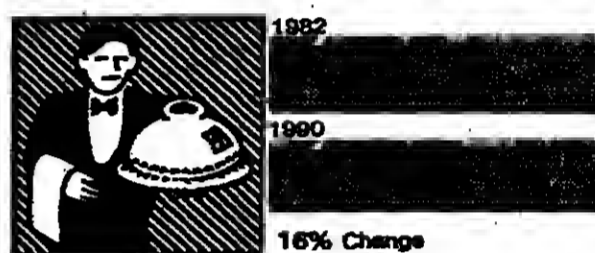
Construction



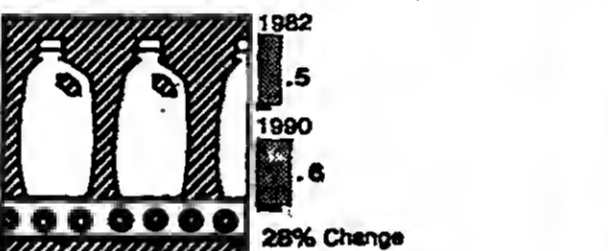
Business and Professional Services



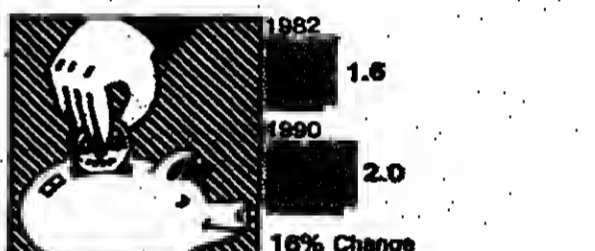
Restaurants and Other Retailing



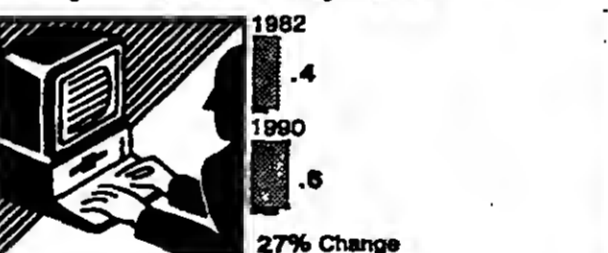
Plastic Products



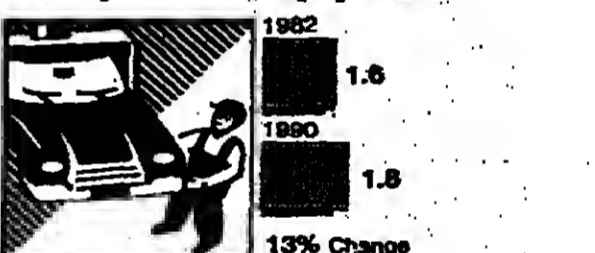
Banking



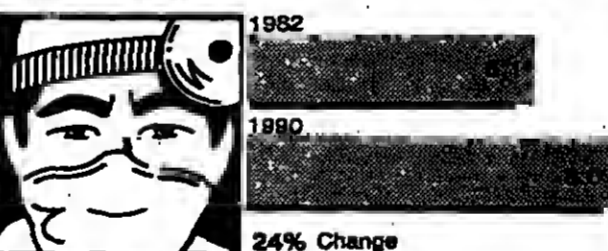
Computers and Peripherals



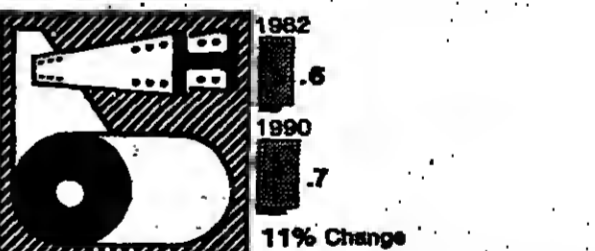
Transportation Equipment



Health Care



Steel



Source: Bureau of Labor Statistics

The New York Times

Hungary Cautiously Taking New Steps Toward Free Market Practices in Economy

Party Adopts Reforms in Selection of Factory Managers and for the Decontrol of Wages and Prices

By Bradley Graham
Washington Post Service

BUDAPEST — Hungary's political leadership has cautiously embarked on a new phase of industrial liberalization that departs from two previously well-entrenched socialist principles: that the minister knows best, and that all men are created equal wage earners.

After months of debate over what Communist hard-liners and the Soviet Union would tolerate, top party leaders in April approved fundamental changes in the way factory managers are selected and signaled a further decontrol of wages and prices. The moves are said by officials here to represent the most significant shift away from a centrally planned economy and toward free market practices since the launching of Hungary's "new economic mechanism" in 1968.

With the collapse of the Solidarity-led movement in Poland, Hungary's renewed effort to find a more responsive socialist alternative to the rigid Soviet economic model has become the focus for those who hope for a liberal drift in the Soviet bloc.

Even so, the latest Hungarian actions disappointed some of the country's economists, who concluded that conservative forces in the government, fortified by the rise to power in the Kremlin earlier this year of Konstantin U. Chernenko, thwarted efforts at more sweeping revisions.

Nowhere in the April resolution of the Central Committee of Hungary's Communist Party, the key document authorizing the changes, did the word "reform" appear. Nor was there any reference to "comprehensive" improvements in the system, a phrase included in earlier drafts. Instead, the statement characterized the new measures dryly as a "further development of the economic management system," language clearly chosen to downplay the impression that anything momentous or radical was about to happen.

One hallmark of the rule of Janos Kadar, the

Hungarian party chief, has been to avoid alarming the Soviet Union while deftly maneuvering his small, resource-scarce and trade-dependent country into international markets by adopting Western-style economic methods. Given current East-West tensions and the glacial pace of the Kremlin's own movement toward economic change, Mr. Kadar evidently concluded that Hungary's new moves stood the greatest chance of acceptance if introduced without much fanfare.

But some of Hungary's most ardent reformers argue that such caution will play into the hands of bureaucrats and conservatives intent on preventing implementation of the new practices.

"The resolution doesn't clearly decide between a comprehensive change, which would make a difference, and small measures, which won't," observed Tamas Bauer, an outspoken critic at Budapest's Institute of Economics.

Mr. Bauer said what was needed was a strong, worded declaration generating a new "reform awareness" among Hungarians. "I have the impression," he said, "the leadership here prefers to calm the adversaries rather than the proponents of the reform."

On paper, several of the envisioned changes go a considerable way toward embedding the free enterprise spirit more deeply in the Hungarian system. Most significant are plans to make the selection of factory managers — up to now ministerial appointees — subject to election by employees or enterprise councils.

A medium-sized and some large firms, factory councils made up of workers and management representatives, and including Communist Party and trade union delegates, are to choose the general manager, decide on investments, wages and prices, and determine production strategy. At small companies, general managers will be subject to direct elections by employees.

Ministers, however, will still have the power to appoint the managers of large firms related to defense and public services as well as those companies deemed by the government to be of

state interest. Elected managers also will still be subject to a ministerial veto.

In another major change, Hungary has accepted the notion of linking wages to productivity. Workers who produce more will get paid more.

Spreads in incomes after the 1968 reforms generated a backlash in the early 1970s from those who argued that large wage differences violated the Communist principle of egalitarianism. The government imposed a punitive tax on firms that raised wages above certain caps.

But today, Communist principle has given way to a drive for efficiency and to the pragmatic notion that people tend to work harder when rewarded with more pay.

"For us, what's most important is to give a chance to everyone to earn well if he works well," said Janos Hoos, the No. 2 official at the Central Planning Commission. "Earning should depend on productivity. That doesn't do any harm to socialism."

Certain limits on the accumulation of wealth are expected to be incorporated into an income tax system that authorities plan to introduce in a few years to replace a payroll tax paid by employers. For the poor, officials say special assistance programs will be broadened.

The government plans to roll back subsidies for food, household energy, transportation and energy, while expanding corporate investment prerogatives and credit opportunities.

Some unprofitable industries may finally be allowed to go bankrupt, resulting in a hoped-for shift of workers from industry to service-sector jobs. A more flexible banking system is also under discussion, although the central bank has been reluctant to surrender control over commercial functions.

After 16 years of the "new economic mechanism," industry is still state-owned, but factory bosses no longer have to haggle constantly with central planners over detailed targets and resources. Suppliers now deal directly with cus-

tomers, who must buy materials rather than apply for them from bureaucrats.

At the same time, the legacy of the old Stalinist system remains powerful. Deprived of many formal mechanisms of control, officials still have strings to pull. State intervention through subsidies, price controls and special exemptions for troubled firms helps keep market pressures weak.

Among the main continuing constraints on free market behavior in Hungary are its tightly planned commitments to other Soviet bloc countries, which account for about half of its total foreign trade.

Another stumbling block is the country's monopolistic industrial structure. A few unwieldy trusts have been broken up into smaller units, and higher efficiency rates have been achieved by allowing private groups of workers to use factory premises after hours. But Finance Minister Istvan Hetenyi said in an interview that a fourth of Hungary's firms could be classified as "problem" companies.

No one of any prominence these days expressly opposes reforms as the way to get Hungary's standard of living rising again after several years of stagnation. But key party officials stress that the recent changes do not mean any weakening of the Communist Party or its leading role here. Nor do they mean any radical restructuring of Hungarian institutions.

Some people worry that the decontrol of wages and prices will send inflation racing past the government's target range of 8 to 10 percent annually, bringing a backlash similar to that of 1972, which stalled new reforms for the rest of the 1970s.

But party officials insist there is no turning back. "Only the international situation, an increase in tensions, could spoil things," said Mr. Berecz. "I don't foresee any domestic developments that could threaten. There was strong unity in the Central Committee. It was a firm decision. This road has to be followed."



Janos Kadar

Keynote

PORTUGAL

A SPECIAL REPORT

WEDNESDAY, JUNE 27, 1984

Page 7

Pessimism Haunts Nation, but Hopeful Signs Are Seen

By Mary Mills Castanheira

LISBON — The "crisis" has become Portugal's national obsession. Gloomy economic forecasts cover the front pages of the newspapers. Radio and television newscasts invariably focus on the dismal outlook or on a pending price rise. Pessimism has become fashionable. It haunts the country.

There are hopeful signs. As long as political stability is maintained, economists believe there could be a cautious recovery in 1985 as the Socialist-Social Democratic government's 18-month economic emergency plan, now two-thirds completed, begins to bear fruit. But popular discontent is growing as the austerity program imposed by the International Monetary Fund erodes purchasing power and living standards.

The message from political leaders is: Hold on, we're nearly there. Prime Minister Mario Soares, while admitting that large sectors of the population are facing hardships, has appealed for patience and confidence in the government.

"We had to introduce a shock therapy and tough measures to control our financial situation and reduce our deficits, which were making the country humiliatingly dependent on others. Without this policy, the country would have headed into bankruptcy and disaster," Mr. Soares said. He blamed the increasingly common public agitation on the Communists, and insisted that there was no alternative to his government, which was elected for a four-year term and is determined to survive.

"The restrictive policies were needed to relaunch the economy," said the state secretary for trade, Raquel Ferreira. "You can't build a house without a good foundation. Although the people have been badly hit, the Portuguese have a natural common sense and know their future is at stake."

Her assessment was borne out by observations of a Lisbon housewife, Maria Belo de Sousa, who, though railing against the government's policies, said: "It's not their fault, and if they fail, we'll be worse off. We've got to stick it out and hope things will improve."

The IMF austerity plan, introduced shortly after the government took office last June, calls for a reduction of 1982's \$32-billion current account deficit to \$2 billion in 1983 and \$1.25 billion in 1984; cutting the budget deficit from 13 percent of gross national product in 1982 to 9 percent in 1984; and slowing the growth of the \$14-billion external debt. To meet these targets, the government devalued the escudo 20 percent, raised taxes and squeezed credit.

Financially the program has been extremely successful. The current account deficit dropped to 1.68 billion last year and the budget deficit to 9 percent of GNP. The external debt increased only 700 million to \$14.7 billion and the short-term debt went down 300 million to \$1.3 billion. Domestic demand fell to minus 6.5 percent, compared with an increase of 15 percent in 1980-1982.

"The results were better than ex-

pected," said Vitor Constanção, vice governor of the Bank of Portugal. "In fact, perhaps too successful, and the [resulting] recession has been bigger than we forecast."

The program has made it possible for Portugal to tap international financial markets for loans at average interest rates as well as receive \$480 million from the IMF in loans and \$250 million from its compensatory facility.

Because of its debts, however, the government cannot afford to ease up on the measures. In 1984 the current account deficit is likely to drop below the targeted \$1.25 billion but medium-term debt repayments will total \$1.7 billion. The country needs about \$3 billion in foreign loans this year to cover deficits and leave its gold and currency reserves intact. Last year Portugal sold approximately 60 tons of its 660-ton gold reserve to meet loan payments of \$1 billion with the Bank for International Settlements. Total gold and foreign currency reserves are estimated at \$8 billion, compared to \$10 billion two years ago.

The austerity plan has had devastating effects on consumers in a country where the average per-capita income is \$2,351 a year, well below that of Greece or Spain. Inflation averaged 25.5 percent last year and in the first quarter of 1984 was 33 percent. To reduce deficits, the government has eliminated most subsidies on foods, resulting in a marked acceleration of inflation. Bread prices have risen 44 percent, pasteurized milk 120 percent and transport 55 percent in one year. Real wages dropped 9 percent last year.

Companies are facing serious cash flow problems because of the severe credit squeeze. Almost 150,000 workers are owed wages or salary, according to CGTP-Inter-sindical, the pro-Communist trade union confederation, which accounts for about 85 percent of organized labor. Among companies that are paying wages, many are not meeting social security payments or are evading sales taxes. Bankruptcy rose 26 percent last year, swelling the ranks of the unemployed by 6,000 workers. The unemployment rate is estimated at 9 percent of the 4.2-million work force.

"Everything is black," said Alvaro Rana, director for international affairs in the CGTP-Inter-sindical. "This year we expect real wages to drop 10 percent. Last year's drop was 9 percent — that is 19 percent in two years. This is catastrophic."

Black flags, representing hunger, are common sights at demonstrations in Lisbon and Oporto. Pawnshops are packed with jewelry, domestic wares and other valuables. Malnutrition is evident in several industrial areas. "As hunger increases, the country will become a theater for popular agitation. We will no longer be able to control the situation and the government will be in real trouble," warned Mr. Rana.

The government is putting the finishing touches on a 3-year economic plan.



Fishermen at work after a day on the Atlantic.

The Slow Ebb of the National Fishing Fleet

By Peter Collis

PENICHE — The *Fé* is a *traineira*, one of the diesel-powered boats usually about 25 meters (82 feet) long that are used mainly for fishing sardine and other small fish off the Portuguese coast.

Like most of the *traineiras* that fish out of Peniche on the exposed and windy Atlantic coast north of Lisbon, the *Fé* is wood-hulled, with high, flaring bows, a small wheelhouse amidship and decks cluttered with lockers, nets and winching equipment.

The *Fé* has seen better days. Built 15 years ago at a local yard, it has the battered look of a boat that has weathered a lot of Atlantic gales. It was once painted in the bright colors of all Portuguese fishing boats, but the paint has long since faded and is flaking off everywhere. The boat is equipped with the bare technical necessities — radio, radar and acoustic equipment — but all of it is old and could do with replacing.

When the *Fé* chugged into the harbor just before 8 A.M. it was followed by a whirling cloud of seagulls and was riding low in the water — signs of a successful night's work. The catch turned out to be a small sardine-like fish called the *carapau* — about 5.5 tons of them, caught by the *cervo* method of sardine fishing in which the fish are encircled by a net that is then winched into an ever-tightening circle. The *carapau* sells well on the local market, and the crew members looked cheerful as they sorted the fish according to size.

Shortly after the *Fé* tied up, two of the crew

members carried samples of the catch to the *loja*, a quayside auction hall where the boats sell their catches in lots to middlemen and other buyers. *Carapau* were fetching a good price — about 150 escudos a kilogram — and the *Fé's* catch that day would be worth something like \$3,800.

A little more than half the money would be the owners' share. The rest would be divided among the 24 crew members on a decreasing percentage scale from captain to apprentice. For some of the crew, the night's work would earn about \$100. Not bad for a country with an average per-capita income of less than \$3,000 a year. But had the catch been sardine, worth about 40 escudos a kilo, the pay would have been less all round. And sometimes the fishermen earn nothing for days on end.

The *Fé's* master and half-owner is António Vicente Leitão, a native of Peniche, who can hardly remember a time when he was not on a boat. Captain Leitão, who is 50, first went to sea when he was 10 years old, on his father's boat. Fifteen years ago he and a partner bought the *Fé*. Credit was easy to get then, he said, and fishing was a reasonably profitable occupation in Portugal. He does not consider it to be so now.

"The running costs are too high to make much out of it now," he said. "It looks like a good business when there are a lot of fish, but in the long run it is not. There are too many bad days, too many expenses."

Fuel costs are high — about 3,000 to 3,500 escudos an hour when the boat is at sea — and Captain Leitão thinks he has at least four men more than he needs. "I could get on

better with 15 men, or 20 at a maximum," he said. But the labor laws and fishing tradition do not allow him to reduce his crew. In addition to the percentage of the catch, he has to pay the men's social benefits.

And, like business owners everywhere in Portugal, he is feeling the effects of the austerity program. "The boat needs repairs and replacements," he said, "but I'd need credit for that and I can't afford interest of 16 percent." A new boat of the same category as the *Fé* would cost about 40 million escudos now, he said, and would be totally beyond his means. "I don't know any small owner around here who could afford to replace his boat with a new one now," he said.

In the small yards nearby where wooden boats like the *Fé* are built, most of the activity is repair work. New building has virtually stopped.

In its essentials, Peniche could be taken as a microcosm of the Portuguese fishing industry. António Leitão's problems are those of large and small owners up and down the coast: high costs, uncertain profits, overmanning, obsolescent equipment, expensive credit, inability to invest. Most of the national fleet is old, and the industry badly needs modernizing.

Only a small fraction of the country's fishing craft are more than 12 meters (13 yards) long. Only a third are motorized. Nearly all are made of wood. About 70 percent of them are more than 15 years old. Of the total fleet, state-owned and private, only 111 vessels are suitable for deep-water fishing. Most are decrepit.

(Continued on Page 10)

Soares Coalition Facing Realities Of Deep Recession

By Ken Pottinger

LISBON — Ten years into Portugal's third republic and its second attempt at democracy this century, there is considerable turmoil in the country, both inside its institutions and on the streets.

Unavoidable economic measures, taken by the Socialist-Social Democratic coalition at the beginning of its scheduled four-year term last June, are beginning to bear bitter fruit. Portugal is having its fiercest recession in a decade. Living standards have been deeply eroded. For tens of thousands, making ends meet is a constant and desperate struggle.

Prime Minister Mario Soares, 59, is greatly perturbed by the hot potato he holds and the knowledge that no sane politician would care to take it from him. Worse, the potato is not one he planted.

The ruling coalition inherited an economic nightmare from its predecessors, and the problems were aggravated by the chaotic events after the 1974 revolution that eventually restored democracy.

The measures now being applied were, Mr. Soares said, inevitable and imperative. They would have to have been imposed regardless of the composition of the government.

Moreover, the Socialist prime minister tried to convince deputies in a recent parliamentary debate that the medicine is working. If people can just hold on a while longer, he said, things could improve by the end of next winter.

Subs appeals, however, do not fill stomachs or meet monthly bills, and there are signs that public discontent is rising. The powerful pro-Communist trade union federation has declared a street war on the government, insisting that it be dismissed, while walls, billboards and lamp posts around the country are covered with newly painted anti-government graffiti. Sporadic terror attacks on businessmen and banks by a shadowy extremist group, the FP-25, are becoming fre-

quent. Last week the parliament opened a debate on increasing police powers, and the government rounded up 42 terrorism suspects.

Meanwhile, on another front a rising and disparate chorus is calling into question the institutions of power and the ways they function and interrelate.

As these critics see it, the time has come for a new order of things to give punch and vigor to the presidential-legislative power-sharing system adopted a decade ago. They believe that, despite its solidly based 63 percent of the vote, the chances of the government's surviving the strains of the economic mess are slim.

The critics are especially critical of the nation's legislators. There is little doubt that over the last 10 years and 15 governments the politicians, mostly through inexperience, have provided a sorry spectacle, coming across as little men with an exaggerated sense of self-importance.

These are the sort of growing pains associated with any governmental experiment, but the provincial nature of Portuguese politics accentuates the shortcomings and appears to have exhausted the patience of the critics. These opposition voices are loosely grouped around the enigmatic and stoic figure of the popularly elected president, General António Ramalho Eanes, 49.

The critics believe that for the political system to work there must be a harmony of views among the president, the government and a majority presidentialist party in the Assembly of the Republic, the parliament. They see General Eanes, who leads no party, as the only man capable of bringing this about.

A top presidential adviser suggested that the country was moving toward a system based on a powerful presidency and a tamed parliament.

A key figure in the movement to (Continued on Page 10)

Foreigners Find Investment Pays, but Complain of Red Tape

Special to the IHT

LISBON — Investing in Portugal is not for the faint-hearted. While the country has the advantages of cheap labor, nearby European markets and, a decade after the 1974 revolution, political stability, it can nevertheless present a bewildering series of bureaucratic hurdles to confuse even the most seasoned foreign investor.

"The paperwork here is quite incredible," said Jack Quin, a Briton who arrived almost two years ago to set up the Australian fire-protection company Wormald.

Mr. Quin's five-year plan, envisaging a small manufacturing plant, an eventual labor force of about 25, and 10 million escudos in capital, was quickly accepted by the Foreign Investment Institute, which reviews all applications.

But, after Mr. Quin received permission to set up the company, Wormald's real tussle with the bu-

reaucracy began. Fifteen months later, despite the help of a company that specializes in obtaining correct documents for new firms, Mr. Quin still does not have all the certificates he needs to operate.

"The countless documents required come from different departments of different ministries, and finding out which you need depends on having another first," said Mr. Quin, who is not new to complex officialdom, having worked in Brazil for 25 years.

He was lucky to find fairly cheap office space next to the building at Cascais, a fashionable resort and dormitory town about 30 kilometers (18.5 miles) along the coast from Lisbon. He and his secretary are working alone, looking for clients and competing for a major contract to install a fire-protection system for a government grain-storage complex.

Business has been a long time coming Wormald's way in the de-

pressed Portuguese market, but Mr. Quin said he had anticipated difficulties in marketing a product that is considered something of a luxury in a technologically underdeveloped country undergoing strict austerity.

Getting the name known has proved a problem, he said, because Portugal lacks trade journals and similar advertising outlets. But the company has been thriving in other European countries for several years and, like many new investors, Mr. Quin believes Portugal's hoped-for entry into the European Community, proposed for 1986, will be a boost.

"Portugal is way behind on safety regulations and will have to tighten up on systems and equipment after it joins the EEC," he said. Community membership would also simplify import and export regulations.

Mr. Quin's problems are not unique. Foreign bankers and em-

bassy officials have a wealth of tales of struggles with officialdom and seemingly inexplicable delays. But patience can pay off and well-established companies generally prosper, for the country has many attractions, not least of which is the cheapest labor in Western Europe.

Ireland and Greece, Portugal's main competitors for foreign investment in Europe, paid an average hourly wage of \$3.36 and \$3.06 respectively last year, compared with \$1.69 in Portugal. Spain's average was \$4.48 while West Germany, by comparison, paid \$10.67 and the comparable U.S. figure was \$12.32, according to the Foreign Investment Institute.

José Viana Baptista, who took over as president of the institute this year, said, however: "We intend the attraction of low wages to be a transient asset."

Mr. Viana Baptista said his aim was to help modernize the economy

and develop the country's industrial and agricultural sectors through foreign investment, technology and know-how to eventually create the wealth that would bring higher wages.

"We need to change the pattern of the economy, transform Portugal's traditional industries with technology... and look not just to bringing money in but to promoting exports," he said.

Mr. Viana Baptista said the institute's top priorities were the food-processing, automobile and electronic-components industries, as well as computing, communications and agricultural development. The agency is particularly eager to encourage joint ventures.

The institute reported that investment in Portugal rose about 17 percent in the first quarter of this year, although most of this was additional investment by existing companies. Direct foreign investment last year totaled 16.2 billion

escudos, with France the leading contributor.

Renault, Portugal's showpiece foreign investment, begun in 1980, is one of the existing companies set to expand. Its Funchal project, scheduled to begin operations next year with a 15-percent stake by the Portuguese government, involves an estimated investment of 4.35 billion escudos in a foundry to make automobile parts for use in Renault's Portuguese car plant at Cacia, as well as for export.

Portugal's underexploited agricultural sector has also sparked recent foreign interest. Danish expatriate farmers in the southern plains of Alentejo have transformed previously neglected land into a productive corn belt, and Dutch, West German and British experts are importing and rearing livestock.

One Northern European in the Algarve coastal belt is making what (Continued on Next Page)

Life in Two Cultures: The Portuguese Experience in France

By Vicky Elliott

PARIS — The anniversary of the death of Luis Vaz de Camões, Portugal's 16th-century epic poet, did not pass unnoticed in Colombe, a suburb of Paris. On June 10, on the banks of the Seine, there were grilled sardines and *vinho verde*, football players and a great fado singer imported from Lisbon, girls in hand-embroidered skirts dancing before a crowded grandstand.

Upstream, in Villiers-sur-Marne, another group was celebrating in a less traditional way. As Portuguese families poured into the market for their Sunday shopping, a young woman was singing to accordion accompaniment. The fados, handed to the crowd on brown paper flaps "to provoke a debate," told the story of a Portuguese immigrant, José Vieira's mother: "You have put on your apron/As if to

exorcize the anguish/Not yours, the anguish of the children."

It is now a generation since the first wave of Portuguese swept into France. There were 20,000 Portuguese immigrants in 1954. Now there are 860,000, or 1 million including those of Portuguese origin and those who chose to be naturalized. They constitute the largest immigrant group in the country.

Many of the older generation still say they wish to die in their own land. The younger generation, like José Vieira, who wrote the song, are more interested in living in France, and in confronting the contradictions of being an immigrant.

After 25 years, the Portuguese community still maintains a low profile. The men took over the construction sites (an estimated half of the work force in France's building industry is Portuguese) while the women took over Paris's con-

gerge loges or became domestics. Others found jobs at Renault and Citroën, in agriculture, in the textile industry. Their children often pursue technical studies, contributing to the pool of specialized workers in France.

As they saved money to send home, the Portuguese earned a reputation for hard work and few complaints. "The label 'peaceful ghetto' has stuck," said Paulo Moreira, a young, militant journalist whose parents are Portuguese. "My parents were raised under the fascist baton. They were good workers and they learned to march in step."

Some had fled military service to Portugal's colonial wars in the 1960s, some rural poverty in the north and the southern plains of Alentejo. Many left without papers, sneaking past Salazar's border guards while the French authorities, who welcomed the influx of manual workers in an expanding economy, turned a blind eye. The men would work for a few years, then send for their wives and children. They arrived in such numbers (greater than any in a long history of migrations to France) that they were able to form an apparently stable enclave.

Links with home are maintained; Portugal is only a day's train ride away, which makes an annual vacation possible. A large percentage of Portuguese have remained practicing Catholics. At Saint-Denis, north of Paris, in the basilica where the kings of France were buried, 800 seats fill up every Sunday for Mass in Portuguese.

Social life in the community is fostered by associations that provide a rough-and-ready gathering place on weekends. Most organize sports, with the accent on football, and Portuguese classes for the children out of school hours (although the government in Lisbon also funds language teachers to work in French schools).

There are evenings of music and folk dances, which help perpetuate rural traditions that are dying out in Portugal. "If they'd stayed at home, they would probably be dancing the tango," said a diplomat at Portugal's embassy in Paris.

The 850 associations, in all but three *départements*, indicate how widely the immigrants fanned out through France. They also keep 17 Portuguese consulates busy. Dual nationality is an option for those who seek naturalization, but many prefer to stay Portuguese only, which means their voting rights are restricted to elections for the four deputies who represent the three million overseas Portuguese in the assembly in Lisbon. The associations, run principally by

(Continued on Next Page)

(Continued on Next Page)

Returnees From Abroad Alter Life at Home

One-way tickets back: For years the Paris-Lisbon train has been the way out for Portuguese seeking fortunes in France... With the French recession dragging on, the flow is reversing.

POMBAL — Nouvelle cuisine is on the tables of this small town in central Portugal, and flourishing crops of eggplant,ucchini, endives and herbs are growing in its market gardens and back yards.

The reason is the presence of returning migrant workers, mainly from France, who are changing traditional eating habits all over central and northern Portugal.

Starting in the 1960s, almost 1 million Portuguese emigrated to France. They represent the largest group of the nearly three million Portuguese who left to work in northern Europe, North and South America, Australia and South Africa because of poverty and lack of jobs at home.

Migrant remittances are Portugal's major source of foreign currency. So vital are they that Lisbon allows overseas Portuguese to choose four deputies in the Assembly of the Republic.

In 1982, migrant remittances totaled \$2.5 million. In the first half of 1983 they had fallen 16.2 percent from the

corresponding period of 1982, to \$968 million, indicating that the total could be about \$2 million by end of this year. Full-year figures for 1983 are not yet available.

For years the Sud Express train, which daily links Lisbon to Paris, has been the traditional way out for Portuguese seeking fortunes in France. Now with the French recession dragging on and the Paris government encouraging foreign workers to leave, the flow is reversing and significant numbers of migrants are buying one-way tickets back to Portugal.

Once home, however, dozens of problems face them. Their children can barely speak Portuguese, school curricula are different, the cultural gap is wide and they have trouble making the transition from a French urban environment to a rural, impoverished local one.

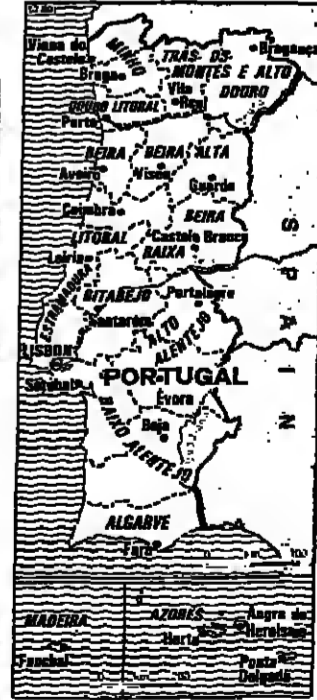
The migrants also experience considerable resentment



Competing for space on a Lisbon street.



Melon harvest in a Portuguese village.



BASIC DATA

AREA: 34,000 square miles (88,060 square kilometers).
POPULATION: (1979) 9,862,700.
CURRENCY: Escudos (of 100 centavos). 143.08 escudos = \$1.

Telex: 338394.

SEA-Direct, Reuters
2140 South 31st St.
Miami, Fla. 33135
Tel.: (305) 822-4355.

PORTUGAL

Port Exports Continue to Rise Despite Increased Competition

By Ben Howkins

OPORTO — Port, like its sister fortified wine, sherry, is having to compete more and more with the move toward lighter drinks. And production costs caused by the savage geographical splendor of the Douro Valley do not easily allow for the necessary promotional margins, because it is almost impossible to mechanize the harvest on the steep valley sides, the industry is very labor-intensive.

Port's heritage is impeccable. The wine-growing region was demarcated by the Marquês de Pombal in 1766, almost 100 years before the classification of Bordeaux. Adding grape brandy to fermenting juice gave the tough red wines of Portugal's hinterland a deliciously full, soft character. The gallant British expatriates whose names still appear on the best port labels, Messrs Cockburn, Croft, Sandeman, Taylor and Warr, were constantly in pursuit of high-quality wines that would travel better back to the taverns and country houses of England.

Port became synonymous with the loyal toast and was a much-respected and welcome drink in the days before central heating. It was also a favorite drink at universities, as this 1798 report in *The Times* of London shows:

"To which University," said a lady, some time since, to the late sagacious Dr. Warren, "shall I send my son?" "Madame," replied he,

"they drink, I believe, near the same quantity of port in each of them."

In the last five years, the value of port exports has more than doubled, to \$95 million in 1983. As all port shipments have to be invoiced in foreign currency, this is achieved more through the weakness of the escudo than through dramatic price increases or higher volume.

The rise has, however, been helped by the increasing trend toward bottling at source, which now accounts for nearly 70 percent of all exports.

Exports by volume last year were marginally higher than in 1982 but below the peaks of 1979 and 1980. The previous peaks were in 1925 and 1926, when young ruby ports helped soften the harsh realities of the Depression. (To give an indication of the longevity of the port trade, statistics have been recorded since 1678.)

About 582,000 hectoliters (15.36 million gallons) are now consumed outside Portugal, with the home market taking 75,000 hectoliters, a little more than 11 percent of the total.

Although white port enjoys a certain popularity in Portugal, especially in the Algarve, and in some export markets, it is generally accepted by true devotees that the first duty of port is to be red. The two basic colors of port are ruby and tawny. Ruby ports are generally robust and young; tawny ports, because they have been aged longer in wooden casks or vats, are

lighter and smoother. The ultimate ruby port is a vintage port, bottled after only two years in wood, while the ultimate tawny is matured in wood 20 or 30 years. Both are sensational but quite different in color, bouquet and taste, as the vintage port spends most of its long life in glass and thereby retains its ruby color and other characteristics. The maturing tawny port loses its color gradually and so emerges 10, 20 or 30 years later as a deep sunset color.

Since 1963, France has consistently consumed more port than any other country, followed by Britain. France accounts for more than 40 percent of total port exports, mainly in the lighter, nonvintage sector, and port has become an important drink category in France. In 1982, Belgium also overtook Britain in port-drinking with a 16-percent market share. The Belgians and French drink port as an aperitif, and it fills the gap between wine and the ever-increasing cost of spirits. The other key port-consuming countries are the Netherlands, West Germany, Denmark, the Soviet Union and Italy. In total, a formerly buoyant market has dropped by almost half in the last five years. European Community countries take 91 percent of all exports.

The port industry is made up of various interlocking bodies. There are farmers, 28,000 of them working 85,000 vineyards in the majestic yet desolate Douro Valley in northern Portugal. There are, interestingly, wine cooperatives. There is the Instituto do Vinho do Porto, which directs and controls the production and trading of port, and two other bodies, the Casa do Douro or farmers' association and the AEPV, or port shippers' association.

It is the port shippers themselves who influence the marketplace most. The British shippers are either owned by giant wine and spirit corporations, such as Cockburn, Croft, De Laforce and Sandeman, or are largely family owned, such as Dow, Fonseca, Graham, Taylor and Warr. The Portuguese concentrate mainly on their home market and shipping in bulk to importers who bottle under their own labels, with houses such as Ferreira, Novais and Ramos Pinto enjoying a healthy following. The French houses Cruz and Fritters have recently established direct links with Oporto, where port is shipped from.

In non-spirit-drinking markets such as the United Kingdom, United States, Scandinavia and Australia, at this time of year a buzz of excitement pervades the boardrooms of Oporto and London: This is when it is decided whether to declare a vintage port. Two winters and one summer are sufficient to see whether the blending of the best wines of each shipper's stock from a given year will have harmonized to give the necessary character and stamina to be locked into a bottle for 15 or more years.

Last month I visited Croft's lodges in Vila Nova de Gaia, just across the River Douro from Oporto, and the shipper's delightful Quinta da Roca, a wine estate in the Douro Valley. Here, alongside the recent vintages of 1955, 1960, 1963, 1966, 1970, 1975 and 1977, we tasted the 1982. Its scented bouquet and bluish hue is right in the mold of classic port vintages.

Each port shipper decides if he will declare a vintage. If not, his high-quality wines will go into the increasingly popular "late-bottled vintage" stocks, which require less aging. The last generally declared vintage was the 1977, which will probably reach perfection in about 2000.

Vintage port is always in short supply, as it accounts for less than 5 percent of production. Because stocks of older vintages have become exhausted and demand is being stimulated in the United States, the better names in better years have become a good investment recently.

The declaration of a vintage always creates curiosity and interest in a drink category that is as solid as it is diverse. Though we may not ever go back to the 19th-century days of the eccentric English squire John Myton, who drank three bottles of port a day — the first being broached while he was shaving — we can detect signs that more women are enjoying port. In these days of speciality and quality drinks, it is up to the governing bodies and port shippers in Portugal to ensure that the growth in the industry comes at the top-quality end.

Ben Howkins is managing director of Morgan Pears (Buck Street) Ltd., Wine & Spirit Shippers, London. His book on port, "Rich, Rare & Red," was published by Heinemann in 1982.

	1982	1983 (Est.)	1984 (Forecast)
GNP	3	0.5	-2
Government Consumption	3.5	1	-3
Private Consumption	2	-1	-3
Investment	2.9	-8	-13
Export of Goods & Services	6	16.5	9
Imports	6	-7.5	-4
Inflation	22.4%	25.5%	29%
Unemployment	7.6%	9%	12%
Current Account Deficit (in billions of dollars)	\$3.2	\$1.68	\$1

Source: Bank of Portugal

A Pousada Tour Offers World Of Old Luxury in Regal Rooms

By Martha de la Cal

LISBON — As one drives across the Alentejo plain toward the Spanish border, one sees in the distance an imposing castle dominating the ancient town of Estremoz from a high, central hill. This is the Pousada da Rainha Santa Isabel, one of the most luxurious of the 27 state-owned inns housed in restored castles, monasteries and manor houses or in specially constructed buildings in regions of scenic or historic interest.

Construction of the castle of Estremoz and its walls was begun in the 11th century by Portuguese kings to protect their border from Castilian monarchs in Spain and from the Moors. It was completed as a citadel in 1281 by King Dinis. The pousada gets its name from his Spanish queen, Isabel de Aragão, who died in the castle in 1336 while trying to reconcile her son, Afonso IV, with the Spanish king Alfonso XI of Castile. She was later canonized as St. Elizabeth of Portugal. The room where she died was made into a tiny chapel with frescoes depicting her life.

The castle was rebuilt in the 18th century by John V. Only the impressive Menagem Tower, from which one can see as far as the Spanish border, retains the original structure.

Pousadas are for people who are interested in history and architecture or who like the peaceful, scenic surroundings in mountains, on lakes or at the shore. Most pousadas are small, with six or seven rooms, so they tend to cater to individual tourists, not tours. The largest is the 32-room pousada in Évora. Because they are small, you must make reservations weeks or even months in advance for the high season from April to October.

Most pousadas are in out-of-the-way places and must be reached by car, over roads that run through



POUSADA DA RAINHA SANTA ISABEL

ESTREMOZ 870

beautiful, unspoiled countryside but are often in bad repair.

There are several interesting pousadas near Lisbon. The Pousada do Castelo at Óbidos, an hour and a half north by road, is a restored 16th-century palace within the town's battlements. It is very small — only 6 rooms — but charming. A set of medieval armor dominates the lounge, and the small, wood-paneled bar is cozy. The dining room is lined with tall windows that overlook the battlements and town.

The newest pousada in the north is the Dom Dinis in the Minho region at Vila Nova de Cerveira. It has 29 bedrooms, 3 suites, lounges, recreation room, banquet room, two bars, a discotheque and terrace.

The building is a faithful reconstruction of a citadel that stood on the summit of the mountain in the 14th century.

To make reservations at a pousada, consult a travel agent or contact Enamur, the national tourist agency, Avenida Santa Joana, Princes 10-A, 1700 Lisbon, telephone Lisbon 889-078 or 892-371, telex 13609 Enamur P.

Rates in the pousadas during the high season for the luxury category — Óbidos, Estremoz, Évora, Arraiolos, Setúbal and Vila Nova de Cerveira — range from 4,600 escudos for a single room to 4,900 for a double to 6,500 for a suite, with breakfast included. Rates for the middle category — Segura, Valesco, Braga and Guimarães — range from 4,175 escudos for a single to 4,400 for a double to 6,000 for a suite, breakfast included. Rates for the others range from 3,310 escudos for a single to 3,500 for a double to 5,000 for a suite, breakfast included. Meals cost 850 to 1,400 escudos a person without wine. The good regional wines are fairly cheap, but can vary in price from one pousada to another.

Soares Coalition Facing Realities of Recession

(Continued From Page 7)

bring this about is an agronomist from central Portugal, Hermínio Martins, who headed a committee to re-elect the president in December 1980 and is a fervent Soares supporter.

He is pushing for the president to assume the leadership of a party-information, dissolve the assembly, call early elections for the presidency and the assembly and bring about a harmonious realignment of the political system.

Two immediate stumbling blocks are that General Eanes is a reluctant protagonist in these scenarios and has refused to commit himself on the issue; and that a clause in the constitution excludes the president from a third consecutive term of office. Some kind of referendum might allow this to be circumvented, but the Socialist Party insists that a such a plebiscite would be unconstitutional.

Alternatively, it is suggested, General Eanes could select someone to succeed him as head of state and then lead the presidential party in legislative elections to secure a majority of seats and the prime minister's office.

Here, however, is another obstacle in the form of the Socialist Party and its 37-percent share of the electorate. "No one can win an election against the will of the Socialists," said António Almeida Santos, a senior Socialist minister and close friend of Mr. Soares. "If Eanes or those around him try a constitutional coup d'état, we will take to the streets to stop them."

Mr. Almeida Santos, who is minister of state and parliamentary affairs, said the semi-presidential system had not had a fair test. It has been strained to the hilt by 10 years of political upheavals and financial crises, he maintained, and should

be finally evolved only after it has had smooth sailing for a similar period.

Mr. Almeida Santos said he doubted that a presidential party would have an easy birth even if led by General Eanes. "People forget that the vote has stabilized in Portugal. There is a kind of classism involved. Even when disenchanted, our supporters vote for us like they stick by their football clubs through thick and thin," he said.

Nevertheless, it is becoming fashionable in some circles to seek a strongman solution for the immense task of transforming a poor and underdeveloped country into a credible European Community partner. This does not, however, imply that Portugal is banking after a new dictatorship. Polls show the Portuguese overwhelmingly rejecting any return to the authoritarianism that dominated it for the half century until April 1974.

The politicians have been pinning their hopes for the future on EC membership ever since Mr. Soares's Socialists first applied to join back in 1977.

Delays by Brussels on approving Portugal's membership are producing scepticism and a credibility gap among the Portuguese, but the government is trying to rekindle enthusiasm for the EC. "Everything will change when we sign," said Mr. Almeida Santos, referring to the EC Treaty of Accession.

He and others claim this will consolidate democracy in Portugal, assure significant financial aid and end the search for a new world role after the traumatic dismantling of the Portuguese empire. What they leave unsaid is that EC membership could also underwrite the survival of the current political system in Portugal.

Slow Ebb of National Fishing Fleet

(Continued From Page 7)

signed for coastal fishing. The overwhelming majority are small, open boats powered by an outboard motor at most.

Of the four state-owned fishing companies, two have been put into liquidation. One, the Companhia Portuguesa de Pesca, whose 19-boat fleet fished under license in Mauritanian waters, has become a cause célèbre for the Portuguese left, who accuse the centrist government of deliberately destroying state-owned industries in order to return the economy to private

hands. Whatever the justice of that claim, the company's workers are among the army or Portuguese who are owed months of back pay.

The fishing industry unions, all but one of which are affiliated to the Communist-led CGTP-Intersindical labor federation, also see the decline of the national fishing fleet as the result of deliberately destructive or misplaced government policies, and they fear that Portugal's impending entry into the European Community will mean the shipwreck of the industry, swamped by the advanced technol-

ogy and more abundant means of northern Europe.

"The industry needs a real development plan," said Belmiro Alves, a master of nets from Peniche who devotes most of his time to duties as coordinator for the federation of fishing unions.

"Plans get made, and then they are left in the drawer each time there is a change of minister," he said. "We admit there is overmanaging in the industry, but there has to be a transition period. At the moment there is just anarchy."

Nuclear Energy: Opposition Mounts

LISBON — Industry and Energy Minister José Veiga Simão wants to build nuclear power plants around the country to help meet future energy needs and cut down Portugal's costly dependence on imported oil. But his dream faces widespread opposition from groups who want nothing to do with nuclear power.

A national debate is expected to start soon on Portugal's energy options, based on a pro-nuclear report known as PEN, for Plano Energético Nacional. Its strongest arguments lie in nuclear energy's relatively cheaper construction costs and the availability in Portugal of about 8,000 metric tons of known uranium reserves. It is estimated that this would be enough to supply three plants for about 25 years.

PEN suggests that Portugal would require four to six reactors to meet its needs into the 21st century and that these would take 10 to 15 years to come on stream. Critics note that the country has no uranium processing facilities and the mineral would have to be treated elsewhere, adding considerably to its cost as a fuel.

The anti-nuclear lobby, small in comparison to those of other European countries, is weak on nuclear alternatives but points vaguely in the direction of the sun.

Serious research into renewable energy resources at the National Energy and Industrial Technology Laboratory is headed by Dr. Manuel Collares Pereira. He warns that even by the turn of the century such sources will be able to supply at best about 10 percent of the country's energy needs and in any event are not primary substitutes for oil-generated power.

Nevertheless, some exciting developments are taking place in this field. The center and south of Portugal get 2,800 to 3,000 hours of sunshine a year, making them particularly well-adapted for solar energy production.

The country's mild, short winter also means that household heating is not a significant factor in energy consumption and that houses can be designed to absorb the sun for heating. Portugal's power consumption is one of the lowest per capita in Western Europe, reflecting its underdeveloped industrial base.

The state savings bank gives subsidized loans to people wanting to install solar water heaters in houses or businesses.

Pioneering research is under way into the use of amorphous silicon-based photovoltaic panels for generating electricity in homes and industry. A U.S. company, Chromar, in association with a Portuguese concern called Quasis, is examining the prospect of manufacturing these panels locally for the Portuguese and European markets.

Dr. Pereira said photovoltaic-generated electricity — where a material absorbs light, transforms it into energy and if necessary stores it in batteries — is economic-

cally feasible in areas at the extreme edges of the Portuguese electricity grid or where the grid is nonexistent.

Despite a law permitting the installation of such power sources, however, the state-owned electricity company holds conservative views about allowing energy production to become diffused and decentralized, and this hinders economically viable private production.

Dr. Pereira insisted that alternative energy research was nonetheless useful. "We have a privileged climate, which favors the use of solar sources of energy," he said.

The Ministry of Industry and Energy plans to install a pilot photovoltaic power station on the Algarve in southern Portugal. But the costs are high — nearly 35 million escudos to produce a plant capable of generating 5.5 kilowatts of power.

The technology laboratory is developing low-concentration, low-cost solar panels and experimenting with solar ponds. Portugal's biggest milk producer, UCAL, will start using next year a Portuguese-West German unit that generates steam for pasteurization with a row of giant solar reflectors.

The Lisbon Zoo recently installed an electricity generating plant fed by animal manure, which the 26-hectare (64-acre) park has in abundance. The project is expected to save the zoo about \$200,000 a year in electricity and heating bills, a spokesman said.

Dr. Pereira warned against solar euphoria, even in a sun-blessed country like Portugal. "Even if all of our water heating were done by solar panels it would represent only 10 percent of the energy currently consumed by the country," he said. "In reality, the figure is closer to one-third of this. Solar energy is not a miracle."

Portugal's most likely realistic alternative to its nearly total oil dependency, experts say, is a mix of nuclear plants, coal stations and a natural gas pipeline linked to the European or North African grid, along with limited applications of renewable energy resources.

Coal, almost all of which must be imported, could provide 20 to 40 percent of Portugal's primary energy requirements, but, apart from the serious pollution it causes, it would require a major investment — about \$150 million — in port and railroad installations, the PEN study said.

By 1990, the study said, Portugal's reliance on imported oil, now responsible for about half its estimated \$5-billion trade deficit, could be reduced to about 65 percent of its current level. But this estimate assumes the PEN proposals are implemented without delay.

There are two big obstacles. With the country in a severe recession, money for capital investment is tight. And public opposition to nuclear energy is expected to grow once a full debate on the issue begins to take shape.

—KEN POTTINGER

We are a strong argument for your decision

BANCO DE FOMENTO NACIONAL

- Financing of projects in the productive sector
- Export credits of equipment goods and services
- Lines of credit for import of capital goods
- Medium, Long and Short-Term Credits
- Bank guarantees
- Assistance with the preparation and evaluation of investment projects, including project financing in Portugal or abroad
- Assistance with the setting up of joint ventures
- Provision of trade missions in Portugal and abroad
- General and sectorial economic information

For your investment projects in Portugal — Contact us:

Av. Casal Ribeiro, 59 1000 LISBOA
Telex: 561071 — Telex: 84782 FOBAN P

de Vinho e Cerveja

CHILDREN WEAR

P.O. BOX 55 - 4780 SANTO TIROSO
TELEX: 22488 P - PORTUGAL

INAPA

INDUSTRIA NACIONAL DE PAPEIS, SARL

Portuguese Leading paper producers

Head Office: Av. Duque de Loulé, 83-A - 1098 Lisboa Codex
phone: 543118 - Telex 15463 Inapa P
Mills: Miraflores Setúbal - P.O. Box 4 - 2900 Setúbal
Phone: 26011/2/3/4 - Telex 16342 - Inapa P
Export Department: Miraflores Setúbal - P.O. Box 6 - 2900 SETUBAL
phone: 20005 - 26011/4 - Telex 16342 - Inapa P
Cable Address: Inapa-Lisbon.

BANCO DE PORTUGAL

The Banco de Portugal is the Central Bank of the Republic of Portugal.

Established in 1846, as a private-law person to perform the functions of a Bank of issue, several central-bank duties have been conferred on the Bank in the course of time, particularly as from 1960.

The Banco de Portugal was nationalized in 1974 and became then a public law juridical person, with administrative and financial autonomy and the nature of a public enterprise.

According to its Organic Law, effective as of 1975, it is the responsibility of the Bank to perform the following functions:

- Bank-note issue
- Banker of the State
- Financial consultant to the Government
- Director and controller of the monetary and financial policy
- Manager of the Country's foreign assets
- Intermediary in international monetary relations.

It is further incumbent on the Bank to:

- centralize and compile monetary, financial and foreign exchange statistics
- promote forms of cooperation among the different financial institutions
- ensure the operation of clearing houses for credit instruments
- supervise the activity of credit, auxiliary credit and parbanking institutions
- control the activity of money, financial and exchange markets.

As exchange authority in the Country, the Bank is responsible for the definition of the principles governing foreign exchange operations as well as for the daily setting and publication of exchange rates.

Assets as at 31st December 1983

	(US \$ million)
Total Assets/Liabilities	11,201
Capital & Reserves	1,045
Assets	
Gold (1), Coin & Currencies	5,910
Investments	3,710
Loans & Discounts	514
Liabilities	
Circulation	1,954
Deposits	3,290
Liabilities	1,220

(1) Gold valued at 254.92 US\$/ounce

BANCO DE PORTUGAL
Rua do Comércio, 148
1100 LISBOA - PORTUGAL

ARTS / LEISURE

Springsteen Lyrics 'Sterile'; Miles Davis Reaches New Peak

By Michael Zwerin
International Herald Tribune

THE songs on Bruce Springsteen's latest album, "Born in the U.S.A.," are like campaign speeches of a populist politician who genuinely likes human beings. You might be tempted to vote for him.

He particularly cares about working people, ordinary people who do not have limousines or gourmet-cuisine riders in their cars. His characters have unexciting jobs, if any; they live in depressing neighborhoods, were bored in school; they leave each other; live in the "good old days"; they surrender.

His own working-class background in Asbury Park, New Jersey, is a legitimate calling card and a rare rock star who creates heartfelt humanist material too sincere to be classified as a "product," but he has been depicting the low quality of American life for a decade. The speech is becoming a sermon. It's difficult to criticize a man in the right place, but it's time to change the record.

The fact that such repetitive bombast is considered a mature statement reveals the sterility of the rock of the '80s. His "poetry" is anything but allegorical; the images he belted out in so many words, "Her and her husband Bobby, well they split up." They describe basic common denominators. ("They're losing down the textile mill across the railroad tracks.") John Lennon could get away with verbal clichés because of the beautiful melodic lines on which they were hung, but Springsteen has a minimal sense of melody, one melody per mood, and his is no intentional artistic device but can be glorified as "minimalist."

"Born in the U.S.A." adds very little to "The River" and "Nebraska," his previous albums. The same uldizing vocabulary expresses the same emotions one more time. Clarence Clemons plays the same same high-energy licks on tenor saxophone one more time. Springsteen's music is beginning to resemble a strong-armed baseball pitcher with a tremendous fastball that has arrived him through several seasons, but the lack of a curve or bounce-up is posing serious problems. He has not learned to hang in there on corners. The middle of the strike zone makes for a boring time.

Quieting down with his folklike melody, moaning, "At night I wake up with the sheets soaking wet/And a freight train running

through the middle of my head," he touches something central to the human condition, but he has already done that.

There is no doubt that Bruce Springsteen reflects contemporary America, better than he may realize or desire. Like analyzing boredom by writing a boring book, he has recorded sterility with a sterile record.

With his new album "Decoy," Miles Davis has reached still another apex in a career already full of peaks. While Bruce Springsteen is content to re-explore the same territory, Davis keeps climbing. Here he is playing the kind of abstract rock that Jimi Hendrix probably would have played had he lived longer. Davis has put it just about all together — cool and hot, heart and intellect, electric and acoustic, melody and rhythm, sophistication and innocence, tradition and innovation.

For the first time since his "comeback" in 1981, Davis, who just played two concerts in Paris, is surrounded by musicians who compete for the creative center. Soprano saxophonist Branford Marsalis, who is as strong as his more celebrated brother, the trumpeter Wynton, contributes some of Davis's most exciting horn teamwork since Wayne Shorter. But principal

sideman honors go to John Scofield, who has broken into unexplored territory by adapting John Coltrane's harmonic innovations to guitar.

Al Foster's drumming and Mingus on percussion build a rock-oriented foundation for the delicately assertive lines above. The "old Miles" has achieved a perfect union with the "new Miles."

A decoy is an enticement, a lure. You can get hooked on this one. Miles Davis will start a 17-concert European tour July 2 in Athens, winding up in Molde, Norway, on July 26.

"The History of the Guitar in Jazz" (Oak Publications), by Norman Mongan, who lives in Paris, is one of those rare books that manage to combine solid biographical and historical information with a good read. The layout, including 37 photographs, is lively and the subject is expanded to its widest ramifications, including a section on the evolution of the guitar as well as its players.

It takes the instrument from its ancestor in the Kalahari desert region of southern Africa, through Ornette Coleman's "Harmelodic" system by way of Antonio Dvorak, who said, while teaching composition the United States in the 1890s, that the future of American music must be founded on what are called the Negro melodies."

Items: The early blues singers and guitarists played with Southern "spasm bands," composed of violins, banjos, guitars, mandolins, and homemade one-string basses. Earl Hines once modulated into another key when he saw that Johnny St. Cyr had fallen asleep on the bandstand, but "St. Cyr jerked his head violently suddenly and began to play violently in the new key, while looking at Hines with an air of defiance."

• Snaccoor Quinn, a pioneer who once played with Paul Whiteman, finished his career backing up the hillbilly performer (and later governor of Louisiana) Jimmie Davis. • Duke Ellington asked Django Reinhardt what key he was going to play in. Django replied, "There is no key." Ellington said, "But there must be a key." "Don't worry about me," said Django, "I'll follow Star."

• Count Basie's distinctive beat was built on the cutting sound of Freddie Greene's rhythm guitar.

• Eddie Lang, Django Reinhardt and Charlie Christian were all excellent billiard players.



Miles Davis

Many of Benny Goodman's hits, like "Seven Come Eleven," were based on Charlie Christian's lines.

Wes Montgomery, famous for developing a revolutionary octave technique, "used to have headaches every time I played those octaves."

When George Benson was 19 and still an amateur, he saw his name in a review in a local paper. "I looked at it and realized that if I already got that far, maybe I ought to make a career of it."

Jimmy Hendrix, evaporated the notion of melody and rhythm by combining classic blues elements with freaky psychedelic sounds into massive, towering musical shapes, and indicated the road to the next generation of guitarists.

Charley Patton (1887-1934) could make the guitar say: "Lord have mercy, Lord have mercy, Lord have mercy, pray, brother, pray, save poor me."

Museums to Close Later in Florence

The Associated Press

FLORENCE — Florence has decided to keep 12 museums open until 11 P.M. in July and September, municipal officials said.

A permanent decision will be made on closing hours after September. Among the museums and galleries extending the hours are Palazzo Vecchio, the Museum of History of Science, the museum of Santa Maria Novella and a museum in a house once owned by Michelangelo.

National museums such as the Uffizi Gallery and Pitti Palace are not included.

'Mandragola': A Two-Hour, One-Joke Production

By Sheridan Morley
International Herald Tribune

LONDON — Although the National Theatre claims it as a first major production of recent times, Machiavelli's "Mandragola" (at the Olivier) has in fact been around a bit since it first turned up in 1517. I seem to recall it as an

THE BRITISH STAGE

undergraduate romp in an Oxford College garden at the end of the 1950s, and I last saw it at the Criterion as a 1970 musical of stunning inadequacy called "Mandrake."

Now we have it sprawled across a couple of hours on the vast open spaces of the Olivier and it still looks pretty terrible.

True, there was once a school of thought (led largely by Voltaire and Thomas Macaulay, neither of them regular first-nighters) that this was a classic bedroom farce worthy of Aristophanes or Molière. There was also once a theory that this was the start of all great Golden Age Street-theatre.

In fact, "Mandragola" is a one-joke play about young Florentine blood trying to get into the bed of the wife of an old Florentine lawyer. To do this, he disguises himself as a doctor, announces that the mandrake plant (hence the title) will cure the wife's sterility and pronounces that the first man to sleep with her after she has taken it will drop dead.

He then volunteers in disguise to take that chance, jumps into her bed and that is more or less that.

Not enough to keep the mind alive for 20 minutes, let alone 120, which is perhaps why the director, David Gilmore, has updated the whole affair to the present and had his hero (Nicky Katt) played as the star of a docu-film. He has also had the composer of his last production at Southampton (Mervyn Bragg's superlative "Hired Man") add a few nondescript musical numbers, equipped some of the cast with tape-recorders and earphones presumably so that they wouldn't have to listen to Wallace Shawn's appalling off-Broadway translation of the text, and hoped for the best. The best has not arrived.

Given the full Olivier treatment it looks like an effort from "The Canterbury Tales" gone geographical, really naïf, and not even the splendidly weighty mugging of John Savident can breathe much life into a desperately mirthless evening in which far and away the best performance is given by a functioning water fountain set center stage.

At Hampstead, James Duff's "The War at Home" is essentially

Neil Simon rewritten by August Strindberg.

The war is Vietnam, the home is Dallas where in 1973 a returning soldier (David Threlfall), crippled physically but mentally by guilt and remorse and confusion, has come up against a family that still thinks of the U.S. involvement as fundamentally a good thing or, at any rate, nothing worse than a quirk of military history.

Duff's intention seems to have been to get from domestic comedy to attempted murder across two domestic acts, and he very nearly makes it. But essentially this is the kind of movie that Mike Nichols should have made with Dustin Hoffman and maybe Rod Steiger about 15 years ago.

Done only now as a play, and on the wrong side of the Atlantic, there are definite casting problems, not least with the admirable Timothy West whose paternalistic is dangerously reminiscent of a Yorkshire schoolmaster on an exchange visit in the United States who has suddenly been told to audition for Big Daddy in the local community theatre.

Frances Sternhagen as the maddening mother is vastly more convincing, not the least because she happens to be American. As the son and daughter, both Threlfall and Sylvester Le Toze have intermittent comic problems and Michael Attenborough's production, though swift and strong, seems a little uncertain about precisely when the sitcom is meant to turn

into a savage attack on American parental hypocrisy.

□

This being a good time of summer to remind you that countryside theatre does not have to mean Stratford or Chichester or Pitlochry alone. There are now two enchanting waterside mills operating as dinner theaters along the eastern stretches of the A-4. The older of the two, the Watmough just outside Newbury, has until July 7 Fay Weldon's "Wood Wound," a four-hander of acid marital despair largely concerned with twin sisters, one of whom gets the Nobel prize and the other of whom gets her twin's husband.

Though sketchily written, and probably stronger as a 40-minute teleplay than a two-act theater piece, it has been given a powerful staging by Paul Unwin with its center a tragically fine star turn from Sheila Allen.

□

Meanwhile, the other mill, the one at Sonning, has until July 14 Mark Robson's "Accomplices." A comedy, a sort of show device, of the work of Harold Arlen, a composer who seems to have slipped through the usual nostalgia nets, largely, I suspect, because he worked with so many widely different lyricists, from Yip Harburg to Truman Capote, that a precise identity is hard to pinpoint.

Yet when they pulled an all-time Top 10 of American popular songs, Arlen had three entries ("Stormy Weather," "Blues in the Night,"

"Over the Rainbow") where neither Cole Porter nor Irving Berlin achieved even one. The current show does a lot to explain his true if often overlooked genius.

Admittedly its no-narrator format makes explanation difficult; we never learn why it was that none of Arlen's nine Broadway scores ever got filmed, nor how it was that he and George Gershwin, two good Jewish boys, were the only ones to establish a truly "black" big-band sound along the Great White Way. Indeed when Capote came in work with Arlen he expected him to be black, a joke ruined in this show by the curious belief that "In Cold Blood" came 20 years before and not after "House of Flowers."

But that (and the curious presence on stage of six people in a show that only needs five) is a very minor complaint about an otherwise joyous evening, though inevitably we never get around to a lot of the classics (no "Shining Hour," not nearly enough from "Wizard of Oz" or "Jamaica," nothing of "Saratoga"). What we do get is a wonderful celebration of the yellow brick road that took Hyman Arlof from the Cotton Club to being the Harold Arlen who made Judy Garland get happy.

We also get a marvelously inventive production from John Muirhead (the first director in stage history with the courage to cast a black woman as Louis B. Mayer), the piano-playing of Chuck Mallen and a brilliant central portrayal of Arlen by Peter Whitman.

Bernstein: 2 Short Operas Combined

By William Weaver
International Herald Tribune

MILAN — Almost a year ago, the Houston Grand Opera presented the world premiere of Leonard Bernstein's opera, "A Quiet Place," on a program that also included the earlier, shorter "Trouble in Tahiti" composed in 1951.

The staging was a co-production with the Kennedy Center and with La Scala, which is currently offering the same double-bill. But the Scala staging is also a world premiere, because after the not-unusually-successful Houston presentation, the composer recast the work.

Now, instead of being heard one after the other, the two operas have been blended and "Trouble in Tahiti" has become, practically speaking, a flashback, constituting most of the second act of "A Quiet Place." The whole evening also has been shortened by about 20 minutes, making the double opera smoother, more concise and coherent.

Although the Milanese public has not evinced a great interest in the Bernstein work, the local critics have received it with enthusiasm.

Their approbation is easily understood and shared. First of all, the music is deftly written, brilliantly scored and splendidly performed. The conductor, John Mauceri, an opera specialist with considerable

experience in modern music, had the Scala orchestra playing jazz rhythms and mock jingles from the '50s, as if they had totally forgotten Verdi and Puccini. The large, imported and mostly young cast sang and acted with bravura and ease.

In the taxing, not-always-sympathetic part of Junior, Robert Galbraith was exceptionally convincing. In a sense, Chester Ludwig, as his father, played opposite him, a sober, tormented counterfoil. Diane Keating was a sweet, troubled Dinah. Stephen Wadsworth, the librettist of "A Quiet Place," staged the production smoothly and unobtrusively, in a series of agile, convincing sets by David Gropman. William Ivey Long created appropriate costumes.

If the Scala audience did not support the composer Bernstein, they turned out in full force to applaud the conductor Bernstein in a pair of concerts given for the benefit of Amnesty International.

Bernstein led the Orchestra Filarmonica della Scala (practically the Scala orchestra plus a few added musicians) in a hushed, charged reading of the Mozart G-minor symphony and an impassioned, but controlled, performance of the Mahler Fourth.

Purists might quarrel with the maestro's decision to replace the usual soprano in the last movement by a tenor, but the sweet-voiced young Allan Bergius would be hard to fault.

NYSE Most Actives					
Symbol	Vol.	High	Low	Close	Chg.
IBM	1,234,567	125.45	124.32	125.00	+0.68
AT&T	987,654	45.67	45.23	45.50	+0.27
GE	876,543	34.56	34.12	34.50	+0.38
AMT	765,432	23.45	23.01	23.50	+0.05
BA	654,321	12.34	12.00	12.50	+0.16

Dow Jones Averages					
Index	Open	High	Low	Close	Chg.
Industrial	1,234.56	1,245.67	1,223.45	1,238.90	+4.34
Transport	456.78	467.89	454.32	460.12	+3.34
Composite	234.56	245.67	232.10	238.90	+4.34

NYSE Index					
Index	High	Low	Close	Chg.	Vol.
Composite	85.4	85.1	85.1	+0.4	1,234,567
Industrial	78.5	78.2	78.2	+0.3	987,654
Transport	72.3	72.0	72.0	+0.3	876,543
Finance	81.2	80.9	80.9	+0.3	765,432

NYSE Diaries					
Index	Open	High	Low	Close	Chg.
Advanced	234.56	245.67	232.10	238.90	+4.34
Declined	456.78	467.89	454.32	460.12	+3.34
Unchanged	765.43	776.54	763.21	768.90	+3.47
New High	876.54	887.65	874.32	880.12	+3.58
New Low	987.65	998.76	985.43	990.12	+2.47
Volume	1,234,567	1,245,678	1,223,456	1,238,901	+15,445
Volume down	55,490,230				

Odd-Lot Trading in N.Y.					
Index	Buy	Sales	%Vol	Chg.	Vol.
June 26	150,230	220,780	482		
June 27	150,230	220,780	482		
June 28	150,230	220,780	482		
June 29	150,230	220,780	482		
June 30	150,230	220,780	482		
Included in the above	150,230	220,780	482		

AMEX Diaries					
Index	Open	High	Low	Close	Chg.
Advanced	234.56	245.67	232.10	238.90	+4.34
Declined	456.78	467.89	454.32	460.12	+3.34
Unchanged	765.43	776.54	763.21	768.90	+3.47
New High	876.54	887.65	874.32	880.12	+3.58
New Low	987.65	998.76	985.43	990.12	+2.47
Volume	1,234,567	1,245,678	1,223,456	1,238,901	+15,445
Volume down	55,490,230				

NASDAQ Index					
Index	Open	High	Low	Close	Chg.
Composite	234.56	245.67	232.10	238.90	+4.34
Industrial	456.78	467.89	454.32	460.12	+3.34
Transport	765.43	776.54	763.21	768.90	+3.47
Finance	876.54	887.65	874.32	880.12	+3.58
Utilities	987.65	998.76	985.43	990.12	+2.47
Volume	1,234,567	1,245,678	1,223,456	1,238,901	+15,445
Volume down	55,490,230				

AMEX Most Actives					
Symbol	Vol.	High	Low	Close	Chg.
Worab	1,234,567	125.45	124.32	125.00	+0.68
AT&T	987,654	45.67	45.23	45.50	+0.27
GE	876,543	34.56	34.12	34.50	+0.38
AMT	765,432	23.45	23.01	23.50	+0.05
BA	654,321	12.34	12.00	12.50	+0.16

NYSE Most Actives					
Symbol	Vol.	High	Low	Close	Chg.
IBM	1,234,567	125.45	124.32	125.00	+0.68
AT&T	987,654	45.67	45.23	45.50	+0.27
GE	876,543	34.56	34.12	34.50	+0.38
AMT	765,432	23.45	23.01	23.50	+0.05
BA	654,321	12.34	12.00	12.50	+0.16

Dow Jones Averages					
Index	Open	High	Low	Close	Chg.
Industrial	1,234.56	1,245.67	1,223.45	1,238.90	+4.34
Transport	456.78	467.89	454.32	460.12	+3.34
Composite	234.56	245.67	232.10	238.90	+4.34

NYSE Index					
Index	High	Low	Close	Chg.	Vol.
Composite	85.4	85.1	85.1	+0.4	1,234,567
Industrial	78.5	78.2	78.2	+0.3	987,654
Transport	72.3	72.0	72.0	+0.3	876,543
Finance	81.2	80.9	80.9	+0.3	765,432

Odd-Lot Trading in N.Y.					
Index	Buy	Sales	%Vol	Chg.	Vol.
June 26	150,230	220,780	482		
June 27	150,230	220,780	482		
June 28	150,230	220,780	482		
June 29	150,230	220,780	482		
June 30	150,230	220,780	482		
Included in the above	150,230	220,780	482		

AMEX Diaries					
Index	Open	High	Low	Close	Chg.
Advanced	234.56	245.67	232.10	238.90	+4.34
Declined	456.78	467.89	454.32	460.12	+3.34
Unchanged	765.43	776.54	763.21	768.90	+3.47
New High	876.54	887.65	874.32	880.12	+3.58
New Low	987.65	998.76	985.43	990.12	+2.47
Volume	1,234,567	1,245,678	1,223,456	1,238,901	+15,445
Volume down	55,490,230				

Date		12 Month		Stock		Yld. Div. Pct.	
Month	Year	High	Low	Close	Div.	Yld.	Pct.
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%	42	18
45%	-196	159%	54%	19%	22.8%		

[illegible][illegible][illegible][illegible]

100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------


longterm security,
shortterm liquidity.

The money markets in turmoil?
A common occurrence with paper
assets?

Now is the right time to con-
sider Krugerrands. Genuine legal
tender. Krugerrand gold coins
combine the age-old security of
gold with instant liquidity.
24 hours a day. Nearly everywhere
around the globe.

Krugerrands - gold in its most
trusted standardized form.
Ask your bank or gold bullion
coin dealer.

International Gold Corporation
1, rue de la Rotisserie
1204 Geneva - Switzerland



KRUGERRAND
Money you can trust.

Abridged results – year ended 31 March 1984

	£m	
Gross Assets	474	(377)
Net Worth (per share 235p (206p))	245	(214)
Profits pre-tax	9.02	(7.71)
after tax	8.44	(6.98)
Total Dividends	8%	(5%)

"The hub of our property portfolio remains well located freeholds in the United Kingdom and this has been considerably enhanced in the past year."

"Demand for office space in the City suggests that the Group's major investments in large multi-tenanted buildings there are well placed to benefit."

"The industrial and other activities provide an ancillary flow of income, with good prospects and with a high return on capital employed."

"British Land of America... announced a major turn around after acquisition with a net gain in the nine months to 31st March 1984. We intend to make

856 • "Your company owns existing properties and investments with an assured stream of income which is itself adequate to sustain the company and a progressive dividend policy for shareholders. We look to new deals to augment growth in the years ahead."

For a copy of British Land's Report & Accounts and Corporate Brochure please apply to the Company Secretary, at The British Land Company Plc.



The British Land Company Plc
10 Cornwall Terrace, Regent's Park, London NW1 4QP
Telephone: 01-486 4466 Telex: 28411 Fax: 01-486 7373

KRUGERRAND
Money you can trust.

Sources familiar with the project said Monday that they were not aware of any changes in GM's plans.

**Tuesday's
NYSE
Closing**

Tables include the nationwide prices up to the closing on Wall Street

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

- dividend *ex* *(contra)*
- = no dividend plus stock dividend.
- = non-dividend
- = new year's law
- = dividend declared or paid in preceding 12 months.
- = dividend in liquidation, subject to 15% non-residence cut.
- = dividend declared after split-up or stock dividend.
- = dividend paid this year, neither, deferred, or no action
- = dividend declared or paid this year, an accumulative dividend
- = new issue in the next 12 months. The high-low range begins at the end of trading.
- = next day delivery
- = first anniversary
- = dividend declared or paid in preceding 12 months; suit, 15 = suit.
- = stock dividend begins with date of split.
- = stock dividend paid in stock in preceding 12 months, estimated cash value or ex-dividend or ex-distribution date.
- = new year's high
- = trading history
- = dividend or receivable or are being reorganized under the Bankruptcy Act, or securities assumed by such corporation
- = when distributed
- = with warrants
- = ex-dividend or ex-rights
- = ex-dist. rights
- = without warrants
- = ex-dividend and ex-dist. in full.
- = yield.
- = decline in full.

[illegible][illegible]

Year	Month	Stock	DN	YLD	SE	High	Low	Close	Open
1934	1	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	2	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	3	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	4	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	5	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	6	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	7	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	8	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	9	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	10	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	11	U.S. Govt	1.00	4.2	152	110	110	110	110
1934	12	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	1	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	2	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	3	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	4	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	5	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	6	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	7	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	8	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	9	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	10	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	11	U.S. Govt	1.00	4.2	152	110	110	110	110
1935	12	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	1	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	2	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	3	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	4	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	5	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	6	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	7	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	8	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	9	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	10	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	11	U.S. Govt	1.00	4.2	152	110	110	110	110
1936	12	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	1	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	2	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	3	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	4	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	5	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	6	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	7	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	8	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	9	U.S. Govt	1.00	4.2	152	110	110	110	110
1937	10	U.S. Govt	1.00	4.2	152	110	110	110	110

[illegible]

**Tuesday's
AMEX
Closing**

Vol. 4 P.M. _____ 4,380.000
 Prev. 4 P.M. vol. _____ 4,370.000

[illegible]

1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							

[illegible][illegible]

A										B									
C										D									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

L'ORÉAL

On the whole, 1983 was an excellent year for L'Oréal, marked by an appreciable expansion of both sales and profits

Total net consolidated sales reached F.Fr. 13,500 millions in 1983, as against F.Fr. 10,882 millions in 1982, which represents an increase of 24%.

Profits followed the sales trend.

This new step forward is explained by the excellent development of the group as a whole. Indeed, on a comparable basis, after exclusion of both exchange rate variations and the sales of newly consolidated companies (and of those which are no longer consolidated), the increase would have been 17.2% over 1982.

Internationalization

Foreign business now exceeds 57% of total sales.

The importance of international activities is still more obvious in the cosmetics field: L'Oréal is present in over 100 countries, with 243 subsidiaries and about one hundred agents, with over 40 production units outside France.

In this sector, the proportion of activities abroad exceeded 66% of 1983 sales, which makes L'Oréal the most international of the world's great cosmetics companies.

**Quality
and research**

At the root of this development was the absolute certainty that consumers always appreciate the best products and, stemming from this, the strategic choice of a policy of quality based on powerful research teams.

In the field of cosmetology, L'Oréal's research potential is the greatest in the world. Over 900 people work in 150 laboratories which employ specialists of all disciplines. In 1983, the budget earmarked for cosmetological research represented 3.5% of the consolidated turnover for cosmetics, and the number of patents applied for in France amounted to 71.

Prospects

The true justification of the Group lies in the quality of the products which it offers to consumers.

This implies a spirit of enterprise which is totally centered on innovation.

It is because we are convinced that we have succeeded in creating this spirit in all sectors L'Oréal that we are fundamentally confident in the future of our group and in its capacity to overcome the difficulties of today. We are sure that we can succeed in continuing our development at a rate of approximately 15% per year, whilst maintaining our profit margins.

Consolidated figures

in millions of French Francs.

	1981	1982	1983
Net sales	9,686	10,882	13,500
Cash Flow (Funds derived from operations)	848	918	1,286
Net earnings (after elimination of capital gains and provisions for investments)	517	550	663
Earnings per share in F.Fr. diluted	110.48	118.56	138.13

If you wish to receive L'ORÉAL's annual report in French or English please write to: Danielle Berbigier, Information Financière - L'ORÉAL 41 Rue Martre, 92117 Clichy Cedex, FRANCE Tel: (1) 759.83.45.

Thurs
days

News hot from the trading floor in

Edward Rohrbach's Wall Street Watch

Intelsat Revenue Falls Short of Goal

ERA-Durant, Realtors
2340 South Sixth St.
Klamath Falls, Oregon 97601.
Tel.: (503) 882-6355.

[illegible]

Season	Low	Open	High	Low	Close	Chg.
Nov	107.00	178.50	178.50	269.40	170.98	+25
		144.75	170.00	169.05	169.76	-30

[illegible]

PEOPLE

Wald
Wood
In Jay

Free A

Europe

the

just

WINDO

sb

BUSINESS PEOPLE

Crocker Hires Vice Chairman

Los Angeles Times Service
Crocker National Corp. has hired Wells Fargo Corp.'s vice chairman, Richard M. Rosenberg, for a similar post at Crocker.
Mr. Rosenberg, 54, will join San Francisco-based Crocker as of next week as one of three vice chairmen reporting to Crocker National Bank's chairman, Frank V. Cahoner.
He will initially be responsible for the strategic planning of Crocker, which disclosed in December that it was suffering severe losses in its construction portfolio. Since then, Midland Bank PLC of London, which owns 57 percent of Crocker, has begun exercising tighter control over the California bank.

Wolff Plans Metals Unit In Japan

Rudolf Wolff, the London-based international futures broker, plans to open a subsidiary called Rudolf Wolff K.K. to expand its London Metal Exchange business in Japan. The firm, which is expected to open its Tokyo office July 2, will concentrate most of its business on aluminum trading as well as trading in other nonferrous metals.
Takashi Koyama, formerly based in London for Mitsui and Co., will be the firm's chief executive in Tokyo. Mr. Koyama spent 25 years with Mitsui in Japan, Australia and London.
Rudolf Wolff, a subsidiary of the Toronto-based Noranda Mines of Canada, is one of the world's biggest metal brokers. Last year the

company's after tax profit was \$1.55 million (\$2.09 million), up from \$866,000 in 1982. The company's foreign competitors in Japan are the U.S.-based Gerald Metals Ltd. and the London-based commodity brokerage, Lonconex Holdings Ltd., recently bought by Citicorp.

Merrill Lynch Europe Ltd. has named Alan Clarke associate director in the loan and revolving underwriting facility in London. He was formerly with Continental Illinois Ltd. in London. The stockbrokerage has also appointed Riccardo Siliari, formerly with Citicorp International Bank Ltd. in London, as vice president in the currency and interest-rate-swap group. Mr. Siliari will remain in London.
Hong Kong Land, the Hong Kong-based property company, has named Martin Spurr as general manager, group communications, and Geoffrey Fawcett as general manager, personnel. Mr. Fawcett joined Hong Kong Land last year after 25 years in personnel

with the Hong Kong government. Mr. Spurr rose through the ranks of Land's subsidiary, Mandarin Hotels, to become head of Hong Kong Land Group's communication department in 1978.

National Westminster Bank has appointed Roger Lacey chief manager of its Singapore branch. He succeeds Jack Miller who is returning to Britain. Previously based in London, Mr. Lacey was the manager responsible for the automotive sector at the bank's international corporate finance division.

Hawker Siddeley International has appointed David Naylor executive director with responsibility for South America and the Caribbean area. He will be based in London. Formerly in Brazil, he was manager of the Renault Do Brasil Group, an electrical engineering firm that makes power transmission products.

Svenska Handelsbanken, one of the two largest privately owned banks in Sweden, has appointed

Bengt Gustafsson as its chief representative in Sydney. He previously worked in the bank's foreign department in Stockholm.

Samuel Montagu and Co. (Holdings) Jersey Ltd. has appointed David Whitefield managing director of its new Cayman Islands subsidiary, Samuel Montagu and Co. (Cayman) Ltd. Mr. Whitefield will remain in the Cayman Islands, where he previously worked for Bank of Nova Scotia Trust Co.

Lloyds Bank International has appointed Ron Wintch principal manager, information technology, in its London head office. Mr. Wintch was previously information technology co-ordinator, European division, in Geneva. Clive Jenkins, previously lent to Lloyds Bank PLC, the bank's domestic arm, has returned to Lloyds Bank International as senior manager, special duties, Middle East and Africa division in London. His responsibilities will be to co-ordinate counter-trade business.

In the Far East, Lloyds Bank International has appointed Richard Foody regional manager, shipping, in charge of the bank's recently established ship-finance unit in Hong Kong. Mr. Foody previously worked for the Bank of America in New York and in the American bank's ship finance divisions in Hong Kong and Tokyo.

In Spain, Lloyds Bank International has appointed Neil Spensley general manager, Lloyds Bank Leasing Espana SA, Madrid. He was previously based in Madrid for the Bank of London and South America, a wholly owned subsidiary of Lloyds Bank International. Lloyds has also named Ian Trixy manager, merchant banking services, Spain, Bank of London and South America. Based in Madrid, he previously worked in London for Lloyds Bank, on secondment from Lloyds Bank International.

—LYNNE CURRY
in London

Ricoh to Open European Office

Ricoh Company Ltd. of Japan has announced the appointment of Masamitsu Sakurai as president of its first European office, which is to be situated in Britain.
Mr. Sakurai previously worked near Tokyo, where he was the company's administration manager of the European project team.
Ricoh is a large supplier of copying machines and other equipment for offices.



Free Annual Reports from European Companies

The latest annual reports from the distinguished companies listed in this section are available to you at no charge.

Simply circle the appropriate number on the coupon at the bottom of this page before August 15 and the report(s) will be mailed to you by the companies involved.

CAP GEMINI SOGETI

Consolidated revenues totalling F.Fr. 1.4 billion in 1983, for an increase of 37% over the preceding year's figure, place CAP GEMINI SOGETI at the forefront of European professional services companies, and among the five leaders in the world.

The Company last year realised more than 50% of turnover outside France: 25% in Europe, where the Group has activities in eight countries, apart from France, and 28% in the U.S. Net profits for 1983 rose to F.Fr. 72 million, with a profit ratio at 5.1% of turnover. CAP GEMINI SOGETI, gathering 4,000 employees, devotes its Annual Report to "the D.P. Professional", which there are 3,400 in the Group — and shows the great effort of training and internal promotion made by the company towards its employees.

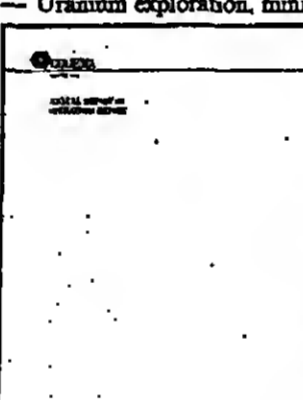


Compagnie Générale des Matières Nucléaires (COGEMA)

2, rue Paul-Dauterle, B.P. 4,
78141 — VILLEJY-VILLACOUBLAY (France)

Established in 1976, the Compagnie Générale des Matières Nucléaires (COGEMA), is a private company created under French law, with a capital of 5 billion francs. It is a member of the French Atomic Energy Commission Group. Cogema is the unique industrial company in the world, mastering the whole integrated nuclear fuel cycle and associated engineering services:

- Uranium exploration, mining, milling and conversion;
 - Uranium enrichment;
 - Fuel assemblies fabrication;
 - Irradiated fuel reprocessing and transportation.
- Cogema's sales have increased steadily and in 1983 came to more than 11 billion francs. Also in 1983, the firm's cash flow amounted to 1.8 billion francs and combined sales for Cogema and its subsidiaries came to 18 billion francs, 35% of which were attributable to exports.



AEGON Insurance Group

The AEGON Insurance Group was formed last year by the merger of AGO and Ennia. It is now the second largest insurance company in The Netherlands and one of the top ten in the European Community.

Combined gross receipts for 1983 amounted to Dfl. 8.5 billion; 49 per cent from our international operations. A major proportion of this came from our American group companies, Life Investors and National Old Line Insurance Company. AEGON also has subsidiaries in Belgium, The United Kingdom, Spain, The Netherlands Antilles and Surinam.
In addition to insurance the group is active in property development, investment, mortgages and leisure enterprises.



Bayer

A worldwide chemical company

Since the year 1863, when the three-man firm of Friedrich Bayer & Comp. was founded in Barmen (now part of Wuppertal), Bayer AG, Leverkusen, has grown into one of the largest worldwide chemical companies with 174,760 employees in Germany and abroad. Out of a modest dyestuffs business during the first few years have grown world sales of DM 37,336 million (1983) and income after taxes DM 754 million. Around 400 companies, of which 300 are headquartered abroad, and more than 100 production plants on five continents are a reflection of the dynamic development of Bayer. The heart of the company is Bayer AG with factories at Leverkusen, Dormagen, Udingen, Elberfeld and Brunsbüttel and controlling interests in other domestic and foreign enterprises. Those desiring detailed information about the 1983 operations may ask Bayer AG, K-04, D-5090 Leverkusen, Bayerwerk.



HOECHST AG

Hoechst is one of the leading chemical companies in the world and operates in all important fields of the chemical industry. Particular importance attaches to chemical specialties. These include pharmaceuticals, inorganic and organic chemicals, crop protection agents, dyes, surfactants and auxiliaries, technical information systems, special plastics films and industrial fibres and materials.

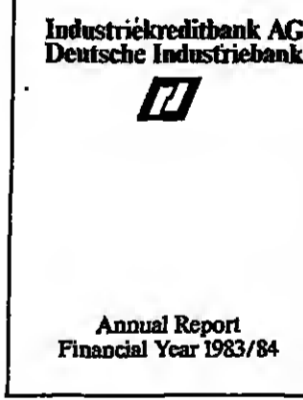
Hoechst has production facilities in 68 countries and exports to more than 165 countries. Hoechst Group sales in 1983 rose by DM 2,203 million to DM 37,189 million. 74 percent of sales were achieved abroad. Profit before taxes increased by DM 883 million to DM 1,955 million. In 1983 Hoechst spent DM 1,617 million on research. Worldwide Hoechst has around 180,000 employees.



IKB

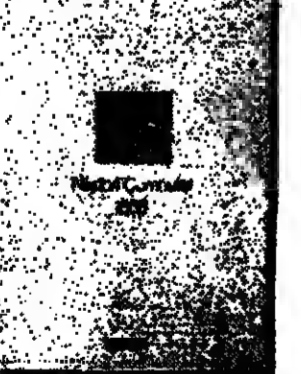
Industriekreditbank AG — Deutsche Industriebank (IKB) makes medium and long-term loans to businesses at fixed rates. Funds are provided for investments in plant and equipment, takeovers, conversion of short to long-term borrowing, and capital goods export. Its refinancing is entirely by bonds and other long-term borrowing.

Within the bank's DM 13 billion balance sheet total loan periods have been progressively lengthening. IKB, directly or through subsidiaries, also operates in the Euro-market, hire-purchase credit, leasing and business consultancy. (Its 1983/84 Annual Report will be published in August.)



NIXDORF

The Nixdorf product range is designed for virtually every application in data and information processing. From micro-computers, the spectrum extends upwards to mainframes, and is sensibly augmented by word processors and communications systems like digital FAX's and digital telephones. Special system solutions are available for specific industries, such as retailing, the restaurant, business and banking. The Group sustained its healthy growth during 1983, raising revenue to DM 2,712 billion. 49 per cent of revenue came from activities in Germany, 51 per cent from the international markets. 54 per cent of revenue was generated by sales of computer systems and peripherals, and 46 per cent by income from rentals and services.
The company is established in 39 countries around the world. In line with business growth, 1,500 new jobs were created last year, raising the number of Nixdorf personnel to more than 17,500.



RHONE-POULENC

Rhône-Poulenc is a prominent group in the forefront of the chemical industry in Europe and throughout the world. The Group employs 81,000 persons in some sixty countries; exports and foreign-produced goods account for over two-thirds of total sales (F.Fr. 43 billion in 1983) on international markets. Backed up by a strong basic chemicals production, its portfolio of activities is principally oriented towards the sectors of the future: human and animal health, agrochemicals, fine specialty chemicals, bio-industries.
Its research effort (over 5% of total sales) is particularly significant in important biological sectors: pharmaceuticals, phytopharmaceuticals, industrial biology and genetic engineering.



Schlumberger

Services to the oil industry
Electricity Management
Electronic Instrumentation
Data Acquisition and Transmission



Semiconductors
Automatic Test Equipment
Computer Aided Design
and Manufacturing

42 RUE SAINT-DOMINIQUE,
PARIS
277 PARK AVENUE,
NEW YORK.

SKANSKA

Skanska is one of Europe's leading civil engineering and building contractors, and a full-service corporation offering a complete range of resources for projects of all types and sizes. Within the Skanska Group there are a number of divisions and subsidiaries specializing in every phase of construction: design, engineering component fabrication, erection, management, administration and finance. On the international market Skanska specializes in large, technically complex and advanced projects, often on a design-construct or turnkey basis. Gross billings for the Skanska Group in 1983 amounted to SEK 12,159 million (about U.S. \$1,600 million). The number of employees is about 27,500.



Trusthouse Forte PLC

The world's leading hotel and catering company

Trusthouse Forte is one of the largest hotel and catering groups in the world. Its international operations include the Hyde Park and Grosvenor House and Brown's Hotels in London, the George V and Plaza Athénée in Paris, the Westbury in New York, The Plaza of the Americas, Dallas, the Ritz, Madrid, the Hotel des Bergues, Geneva, and the Sandy Lane Hotel, Barbados. A new luxury hotel is due to open later this year in New York.



The Group's trading receipts in 1983 were \$1,508 million, producing a profit before tax of \$122 million. The company's philosophy is to increase profitability and earnings per share each year to encourage investment and to improve and expand the business and to give complete customer satisfaction by efficient and courteous service, with value for money.

UNIFONDS

Unifonds is West Germany's largest stock fund. Its Portfolio concentrates on shares of leading German corporations, achieving steady performance over the year. Unifonds, an attractive investment for international investors seeking long-term growth and currency diversification, is managed by Union-Investment-Gesellschaft, Frankfurt, which is owned by 37 shareholder banks in Germany and abroad. Union-Investment has at its command as one of the oldest German mutual fund investment companies the necessary know-how to manage capital investment with success. This success may be gauged from its excellent performance — especially in the medium and long-term — which has always placed Union-Investment at the top end of the German investment league.

Report
as of 31-3-1984



Mail this coupon to:
Anne Wolt/Annual Reports
International Herald Tribune
181 Avenue Charles-de-Goulle
92521 Neuilly Cedex, France.

Please send me the annual reports of the companies circled, at no cost or obligation.

1 2 3 4 5 6 7
8 9 10 11 12 13

Name _____

Address _____

City _____ Country _____

Country _____

IHT1

Telex: 338394

ERA-Durant, Reprints
2240 South Sixth St.
Minneapolis, Minn. 55404
Tel.: (612) 922-4351

